

**SUPPLEMENT NO. 8 DATED 26 FEBRUARY 2026 TO
THE OFFERING CIRCULAR DATED 15 MAY 2025**

Bank of America Corporation
(a Delaware (U.S.A.) Corporation)

BofA Finance LLC
(a Delaware Limited Liability Company)

Merrill Lynch B.V.
(a Dutch Private Limited Liability Company)

NOTE, WARRANT AND CERTIFICATE PROGRAMME

Unconditionally and irrevocably guaranteed
(in respect of Notes issued by BofA Finance LLC and Instruments (other than Secured Instruments)
issued by Merrill Lynch B.V.)

by

Bank of America Corporation

This supplement (the "**Supplement**") constitutes a supplement to the offering circular of Bank of America Corporation ("**BAC**"), BofA Finance LLC ("**BofA Finance**") and Merrill Lynch B.V. ("**MLBV**") dated 15 May 2025 (the "**Original Offering Circular**") (as supplemented on 4 August 2025, 16 October 2025, 3 November 2025, 12 November 2025, 20 January 2026, 12 February 2026 and 20 February 2026 and together with this Supplement, the "**Offering Circular**"), prepared in connection with the Note, Warrant and Certificate Programme (the "**Programme**") of BAC, BofA Finance and MLBV. Terms defined in the Offering Circular have the same meanings when used in this Supplement.

This Supplement is supplemental to, and shall be read in conjunction with, the Offering Circular. To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Offering Circular by this Supplement and (b) any other statement in or incorporated by reference into the Offering Circular, the statements in (a) above will prevail.

BAC accepts responsibility for the information contained in this Supplement relating to information incorporated by reference in respect of BAC and statements in respect of BAC under "*General Information*" on pages 1079 to 1082 of the Original Offering Circular, and to the best of the knowledge of BAC, such information is in accordance with the facts and makes no omission likely to affect its import. BAC has accurately reproduced the MLBV Information (as defined below) and accepts responsibility for the accurate reproduction of such information.

MLBV accepts responsibility for the information contained in this Supplement excluding information incorporated by reference in respect of BAC and statements of BAC under "*General Information*" on pages 1079 to 1082 of the Original Offering Circular (the "**MLBV Information**"), and, to the best of the knowledge of MLBV, the MLBV Information is in accordance with the facts and makes no omission likely to affect its import.

Copies of this Supplement and the document incorporated by reference will be available for collection as set out in the section entitled "*General Information – Documents Available*" in the Offering Circular (at pages 1079-1080) and on the Luxembourg Stock Exchange's website at www.luxse.com.

The Original Offering Circular and this Supplement were approved in accordance with Part IV of the Luxembourg law on prospectuses for securities, dated July 16, 2019, and the rules and regulations of the Luxembourg Stock Exchange. The Original Offering Circular was also approved as a base prospectus on 15 May 2025 by SIX Exchange Regulation Ltd. in its capacity as review body pursuant to Article 52 of the Swiss Financial Services

Act of 15 June 2018, as amended (in such capacity, the "**Swiss Review Body**"). The Swiss Review Body approved this Supplement effective as of the date thereof.

I. Incorporation by Reference of the BAC 2025 Form 10-K

The BAC annual report on Form 10-K for the year ended 31 December 2025 was filed with the U.S. Securities and Exchange Commission on 25 February 2026 (the "**BAC 2025 Form 10-K**"), and, by virtue of this Supplement, the sections of the BAC 2025 Form 10-K referred to below are incorporated by reference into, and form part of, the Offering Circular. Any information included in the BAC 2025 Form 10-K that is not listed in the column "*Information Incorporated by Reference*" below shall not be deemed to be incorporated by reference into, and form part of, this Supplement and is given for information purposes only.

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II. Amendments to the section entitled "General Information"

- (a) By virtue of this Supplement, the information contained within the "General Information" section of the Original Offering Circular, on page 1081 to 1082 at paragraph (6) entitled "Significant or Material Change", shall be deleted and replaced with the following information:

"The following statements are made solely in the context of the issuance of Instruments under this Offering Circular. Material information about the respective financial condition and prospects of each Issuer and the Guarantor is included in each of the relevant Issuer's and Guarantor's annual and interim reports, as applicable, which are incorporated by reference into this Offering Circular.

There has been no significant change in the financial or trading position of BAC and its subsidiaries on a consolidated basis since 31 December 2025 which is the date of the most recently published financial statements of BAC. There has been no significant change in the financial or trading position of MLBV since 30 June 2025.

There has been no material adverse change in the prospects of (i) MLBV since 31 December 2024 or (ii) BAC and its subsidiaries on a consolidated basis since 31 December 2025."

- (b) By virtue of this Supplement, the information contained within the "General Information" section of the Original Offering Circular, on page 1082 at paragraph (7) entitled "Litigation", shall be updated with the following information:

"Save as disclosed in the section entitled "Litigation and Regulatory Matters" on pages 140 to 141, being the Litigation and Regulatory Matters section in Note 12 to the Consolidated Financial Statements, of the BAC 2025 Form 10-K, none of MLBV, BAC and any subsidiary of BAC is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which MLBV or BAC are aware) in the 12 months preceding the date of this Offering Circular which may have or have in such period had a significant effect on the financial position or profitability of MLBV or BAC and its subsidiaries on a consolidated basis."

III. Amendments to the Offering Circular to reflect the increased maximum aggregate principal/nominal amounts of Notes that may be issued and outstanding at any one time and the increased maximum aggregate principal/nominal amounts of unsecured Notes that may be guaranteed by BAC

- (a) The paragraph on page 2 of the Original Offering Circular beginning with the sentence "The maximum aggregate principal/nominal amount of all Notes issued by MLBV from time to time outstanding under the Programme will not exceed €30,000,000,000..." shall be deleted and replaced with the following:

"The maximum aggregate principal/nominal amount of all Notes issued by MLBV from time to time and outstanding under the Programme will not exceed €50,000,000,000 (or its equivalent in any other currency), subject to increase as described in the English Law Programme Agreement (as defined under "Offering and Sale" below). The maximum aggregate principal/nominal amount of all Notes issued by BAC from time to time and outstanding under the Programme will not exceed U.S.\$25,000,000,000 (or its equivalent in any other currency), subject to increase as described in the New York Law Programme Agreement (as defined under "Offering and Sale" below). The maximum aggregate principal/nominal amount of all Notes issued by BofA Finance from time to time and outstanding under the Programme will not exceed U.S.\$15,000,000,000 (or its equivalent in any other currency), subject to increase as described in the New York Law Programme Agreement."

- (b) The subsection entitled "Maximum aggregate principal/nominal amount of Notes which may be issued:" on page 27 of the Original Offering Circular shall be deleted and replaced with the following:

"Maximum aggregate principal/nominal amount of Notes which may be issued:

MLBV may issue up to €50,000,000,000 (or its equivalent in any other currency) of Notes outstanding at any one time under this Programme.

BAC may issue up to U.S.\$25,000,000,000 (or its equivalent in any other currency) of Notes outstanding at any one time under this Programme.

BofA Finance may issue up to U.S.\$15,000,000,000 (or its equivalent in any other currency) of Notes outstanding at any one time under this Programme."

- (c) Paragraph (1) "Authorisation" at the section entitled "General Information" on page 1079 of the Original Offering Circular shall be deleted and replaced as follows:

"The update of the Programme was duly authorised by (a) the Board of Directors of BAC on 31 January 2024 and by an Officer's Certificate – Action by Authorised Officer Under Authority of the Board of Directors of BAC, dated 8 May 2025; (b) the Board of Managers of BofA Finance on 15 May 2019 and 25 January 2024 and by an Officer's Certificate – Action by Authorised Officer Under Authority of the Board of Managers of BofA Finance, dated 8 May 2025; and (c) the Board of Directors of MLBV on 9 May 2025. Each of the MLBV Guarantee, the BofA Finance Guarantee, the CMU Notes Guarantee and the Korean Notes Guarantee will be issued pursuant to authority granted by the Board of Directors of the Guarantor on 31 January 2024 and by an Officer's Certificate – Action by Authorised Officer Under Authority of the Board of Directors of the Guarantor, dated 8 May 2025. The maximum aggregate principal/nominal amount of MLBV Notes as of the date of this Supplement that may be issued and outstanding at any one time under the Programme was authorised by the Board of Directors of MLBV on 19 February 2026. The maximum aggregate principal/nominal amount of MLBV Notes that may be guaranteed by BAC under the Programme (which, for the avoidance of doubt, excludes any Secured Notes) as of the date of this Supplement was authorised by the Board of Directors of BAC on 25 February 2026. The maximum aggregate principal/nominal amount of BAC Notes as of the date of this Supplement

that may be issued and outstanding at any one time under the Programme was authorised by the Board of Directors of BAC on 25 February 2026. The maximum aggregate principal/nominal amount of BofA Finance Notes as of the date of this Supplement that may be issued and outstanding at any one time under the Programme was authorised by the Board of Managers of BofA Finance on 23 February 2026. The maximum aggregate principal/nominal amount of BofA Finance Notes that may be guaranteed by BAC under the Programme as of the date of this Supplement was authorised by the Board of Directors of BAC on 25 February 2026."

IV. Certain amendments to the Offering Circular in respect of Secured Instruments

- (a) The sentences on pages 1-2 of the Original Offering Circular which states "MLBV may also issue W&C Instruments that are secured, in favour of Holders of the W&C Instruments, by a segregated pool of collateral assets (the "**Secured W&C Instruments**"). MLBV may also issue Notes that are secured, in favour of Noteholders, by a segregated pool of collateral assets (the "**Secured Notes**" and together with the Secured W&C Instruments, the "**Secured Instruments**")." shall be deleted and replaced with the following:

"MLBV may also issue W&C Instruments that are secured, in favour of Holders of the W&C Instruments, by a pool of collateral assets segregated in the books and records of the Custodian (the "**Secured W&C Instruments**"). MLBV may also issue Notes that are secured, in favour of Noteholders, by a pool of collateral assets segregated in the books and records of the Custodian (the "**Secured Notes**" and together with the Secured W&C Instruments, the "**Secured Instruments**")."

- (b) The section entitled "Overview of the Programme" shall be amended as follows:

- (i) The subsection entitled "Secured Notes and Secured W&C Instruments" on page 31 of the Original Offering Circular shall be deleted and replaced with the following:

"Secured Notes and Secured W&C Instruments:

Secured Instruments will be issued by MLBV and will be secured by a pool of collateral assets (the "**Collateral Assets**"), segregated in the books and records of the Custodian, provided by Merrill Lynch International in its capacity as collateral provider (the "**Secured Instruments Collateral Provider**"). For a further overview of Secured Instruments, see "Description of the Collateral Arrangements Relating to Secured Instruments" and "Description of the Collateral Arrangements relating to Secured Euroclear Collateral Service (ECS) Instruments".

The Secured Instruments will not be guaranteed by the Guarantor."

- (ii) The subsection entitled "Secured Notes and Secured W&C Instruments" on pages 41 to 42 of the Original Offering Circular shall be deleted and replaced with the following:

"**Secured Instruments Collateral Provider:**

Merrill Lynch International ("MLI")

(solely with respect to the pool of collateral assets, segregated in the books and records of the Custodian, provided in its capacity as Secured Instruments Collateral Provider relating to Secured Instruments).

MLI is a private unlimited company incorporated under English law. MLI's principal activities are to provide a wide range of financial services to international clients in Europe, the Middle East and Africa, Asia Pacific and the Americas, to act as a broker

dealer in financial instruments and to provide corporate finance advisory services. MLI also provides a number of post trade related services to third party clients, including settlement and clearing services to third party clients. MLI is authorised by the Prudential Regulation Authority ("**PRA**") and regulated by both the PRA and the Financial Conduct Authority ("**FCA**"). MLI was incorporated on 2 November 1988 as a private unlimited company under English law. MLI's articles of association do not include any limitations on the duration of the company.

MLI's registered office is at King Edward Street, London, EC1A 1HQ, United Kingdom and it is registered with the UK Companies House, under number 2312079.

The LEI in respect of MLI is GGDZP1UYGU9STUHRDP48."

(c) Amendments to the Risk Factors

The risk factor entitled "(xi) Risks relating to Secured Instruments (other than Secured ECS Instruments)" on pages 108 to 120 of the Original Offering Circular shall be amended and restated as set out in Annex A.

(d) Amendments to the Description of the Collateral Arrangements relating to Secured Instruments

The section entitled "Description of the Collateral Arrangements relating to Secured Instruments" on pages 165 to 177 of the Original Offering Circular shall be amended and restated as set out in Annex B.

(e) Amendments to the Terms and Conditions of the Notes

- (i) The third paragraph of Condition 1 (*Form, Denomination and Title*) on page 263 of the Original Offering Circular shall be deleted and replaced with the following:

"The Notes issued by MLBV or BofA Finance may be Instalment Notes, Partly Paid Notes, Index Linked Redemption Notes (together with Index Linked Interest Notes, "**Index Linked Notes**"), Share Linked Redemption Notes (together with Share Linked Interest Notes, "**Share Linked Notes**"), GDR/ADR Linked Redemption Notes (together with GDR/ADR Linked Interest Notes, "**GDR/ADR Linked Notes**"), FX Linked Redemption Notes (together with FX Linked Interest Notes, "**FX Linked Notes**"), Commodity Linked Redemption Notes (together with Commodity Linked Interest Notes, "**Commodity Linked Notes**"), Fund Linked Redemption Notes (together with Fund Linked Interest Notes, "**Fund Linked Notes**"), Inflation Linked Redemption Notes (together with Inflation Linked Interest Notes, "**Inflation Linked Notes**"), Credit Linked Notes, Bond Linked Redemption Notes (together with Bond Linked Interest Notes, "**Bond Linked Notes**") or a combination of any of the foregoing, or, (in the case of MLBV) the Notes may be Preference Share Linked Notes, depending upon the Redemption/Payment Basis specified in the applicable Final Terms. The Notes issued by MLBV may be secured by a pool of Collateral Assets segregated in the books and records of

the Custodian (the "**Secured Notes**"). The Notes issued by BAC (which may include Instalment Notes) must be eligible debt securities within the meaning of the TLAC Rules."

- (ii) The first paragraph of Condition 20 (B) (*Submission to jurisdiction*) on page 308 of the Original Offering Circular shall be deleted and replaced with the following:

"In relation to any legal action or proceedings ("**Proceedings**") arising out of or in connection with the Notes issued by MLBV, (other than in respect of the Security Agreements or relevant Charged Documents relating to any Secured Instruments as specified therein), the courts of England have exclusive jurisdiction and MLBV and the Noteholders submit to the exclusive jurisdiction of the English courts. MLBV and the Noteholders waive any objection to Proceedings in the English courts on the grounds of venue or that the Proceedings have been brought in an inconvenient forum."

(f) *Amendments to the Form of Final Terms of the W&C Instruments*

The paragraph beginning with the text "[insert in case of Secured W&C Instruments]" under "KEY INFORMATION ON THE SECURITIES" on page 415 of the Original Offering Circular shall be deleted and replaced with the following:

"[insert in case of Secured W&C Instruments][**The Collateral Provider**: Merrill Lynch International ("**MLI**") (solely with respect to the pool of collateral assets, segregated in the books and records of the Custodian, provided by MLI in its capacity as Secured Instruments Collateral Provider). MLI is a [type of company] incorporated under [English law]. MLI was incorporated on [date] [type of company] incorporated under [English law]. MLI's articles of association do not include any limitations on the duration of the company. MLI's registered office is at [address] and it is registered with the [name of UK register], under number [register number]. The LEI in respect of MLI is [GGDZP1UYGU9STUHRDP48]."

(g) *Amendments to the Terms and Conditions of the W&C Instruments*

- (i) The first paragraph of Condition 1(B) (*Type*) on pages 418 to 419 of the Original Offering Circular shall be deleted and replaced with the following:

"The W&C Instruments relate to a specified Index or basket of Indices ("**Index Linked W&C Instruments**"), a specified Share or basket of Shares ("**Share Linked W&C Instruments**"), a specified American depositary receipt (an "**ADR**") and/or global depositary receipt (a "**GDR**") representing interests in a share (the "**Underlying Share**") or basket of such GDRs and/or ADRs ("**GDR/ADR Linked W&C Instruments**"), a specified currency or basket of currencies ("**FX Linked W&C Instruments**"), a specified commodity or commodity index or basket of commodities and/or commodity indices ("**Commodity Linked W&C Instruments**"), a specified fund share or unit or basket of fund shares or units ("**Fund Linked W&C Instruments**"), a specified inflation index ("**Inflation Linked W&C Instruments**"), a specified share of a company listed on the Saudi Stock Exchange (*Tadawul*) or basket of such shares ("**Saudi Share Linked Warrants**"), the credit of a specified reference entity or reference entities ("**Credit Linked W&C Instruments**"), a specified Bond or basket of Bonds ("**Bond Linked W&C Instruments**") or any other or further type of instruments as is specified in the applicable Final Terms. The W&C Instruments issued by MLBV may be secured by a pool of

Collateral Assets segregated in the books and records of the Custodian (the "**Secured W&C Instruments**"). "

- (ii) The first paragraph of Condition 16(B) (*Submission to jurisdiction*) on page 438 of the Original Offering Circular shall be deleted and replaced with the following:

"In relation to any legal action or proceedings arising out of or in connection with the W&C Instruments and the Global W&C Instruments ("**Proceedings**"), (other than in respect of the Security Agreements and relevant Charged Documents relating to any Secured Instruments as specified therein), the courts of England have exclusive jurisdiction and the Issuer and the Holders submit to the exclusive jurisdiction of the English courts. The Issuer and the Holders waive any objection to Proceedings in the English courts on the grounds of venue or that the Proceedings have been brought in an inconvenient forum."

- (h) *Amendments to Secured Static/Floating Instruments Conditions*

The section entitled "Secured Static/Floating Instruments Conditions shall be amended as follows:

- (i) A new definition of "Security Agreement" shall be inserted in alphabetical order under Condition 2 (*Definitions*) as follows:

"**Security Agreement**" means the Deed of Charge."

- (ii) Condition 10 (Release of Security) on page 788 of the Original Offering Circular shall be deleted and replaced with the following:

"10. Release of Security

The security constituted by the relevant Deed of Charge will be released in relation to Collateral Assets that are withdrawn from the Collateral Account in accordance with Secured Static/Floating Instruments Condition 4.4 or Secured Static/Floating Instruments Condition 4.5 and in accordance with the provisions of the relevant Deed of Charge."

- (i) *Amendments to the Secured Fully Floating Instruments Conditions*

The section entitled "Secured Fully Floating Instruments Conditions" on pages 789 to 818 of the Original Offering Circular shall be amended and restated as set out in Annex C.

- (j) *Amendments to the section entitled "General Information"*

Subsection (viii) under paragraph (3) "Documents Available" on page 1079 of the Original Offering Circular shall be deleted and replaced with the following:

"(viii) the Secured Instruments Collateral Provider Agreement, each relevant Security Agreement, the Security Agency Agreement and the Valuation Agency Agreement (save that each relevant Security Agreement and the Security Agency Agreement will only be available for inspection and copies may be obtained by a holder of Secured Instruments relating thereto and such holder must produce evidence

satisfactory to the relevant Issuer and to the relevant Instrument Agent as to its holding of such Instruments and identity)."

V. Amendments to the section entitled "Offering and Sale"

By virtue of this Supplement, the section under the heading entitled "South Africa" of the "Offering and Sale" section at page 1072 of the Original Offering Circular shall be deleted and replaced with the following:

"Prior to the issue of any Instruments each Dealer who has (or will have) agreed to place the Instruments will be required to represent and agree that it will not solicit any offers for subscription for (or sale of) the Instruments or offer for sale or subscription or sell any Instruments, directly or indirectly, in South Africa or to any person or corporate or other entity resident in South Africa except in accordance with the Companies Act, 2008 of South Africa (the "Companies Act"), the Banks Act, 1990 of South Africa, the Exchange Control Regulations, 1961 issued under the Currency and Exchanges Act No. 9 of 1933 of South Africa and any other applicable laws and regulations of South Africa in force from time to time. In particular, without limitation, this document and any other document relating to the Instruments, does not, nor is it intended to, constitute a registered prospectus (as that term is defined in the Companies Act), the Issuer shall not be entitled to issue any Instruments to the general public or to solicit the subscription for any Instruments by the general public, and each Dealer who has (or will have) agreed to place the Products will be required to represent and agree that it will not make "an offer to the public" (as that term is defined in the Companies Act) of any Instruments (whether for subscription or sale)."

VI. Amendments to the section entitled "Merrill Lynch B.V."

By virtue of this Supplement, a new paragraph entitled "Ratings" shall be inserted in the section under the heading entitled "Merrill Lynch B.V." at page 1007 of the Original Offering Circular as follows:

"Ratings

As at the date of Supplement No. 8 to the Offering Circular, MLBV is rated A- (Stable) for its long-term and A-2 (Stable) for its short-term issuer credit ratings by Standard & Poor's.

Credit ratings and outlooks may be adjusted over time, and so there is no assurance that these credit ratings and outlooks will be effective after the date of this Offering Circular. A credit rating is not a recommendation to buy, sell or hold any Instruments."

ANNEX A

**PART A – AMENDED AND RESTATED "RISKS RELATING TO SECURED INSTRUMENTS
(OTHER THAN SECURED ECS INSTRUMENTS)"**

This section indicates the amended and restated text which will be inserted in the Original Offering Circular such that all red text will be inserted into, and all struck-out text will be deleted from the Original Offering Circular

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If the Calculation Agent subsequently determines that a Bond Event has occurred and the Issuer elects to redeem or cancel the Bond Linked Instruments, the Early Redemption Amount (in respect of Notes) or Early Settlement Amount (in respect of W&C Instruments) will be payable instead of the amount payable or assets deliverable on the scheduled maturity or settlement date. Moreover, interest or additional amounts (if applicable) will cease to accrue from the Interest Payment Date or Additional Amount Payment Date immediately preceding the date on which the Issuer provided notice of an extension of redemption or settlement. Therefore if this were to occur Holders could potentially lose all or a significant part of their investment and will not receive suspended interest or additional amounts (if applicable).

(xi) **Risks relating to Secured Instruments (other than Secured ECS Instruments)**

References to "Secured Instruments" in this "Risks relating to Secured Instruments" means Instruments where the applicable Final Terms specifies Annex 13 or Annex 14 to be applicable.

Holders of Secured Instruments do not have recourse to the Guarantees

The Secured Instruments will be limited recourse obligations of MLBV secured by a separate Collateral Pool for each Series and will not be obligations or responsibilities of, or guaranteed by, the Guarantor or any other person or entity. Therefore a Holder of Secured Instruments will not be able to claim under the terms of the Guarantees against the Guarantor for any unpaid amounts and any such shortfall will not constitute an unsecured claim by such Holder of Secured Instruments against the Guarantor.

Limitations of the Security Interest under each Deed of Charge

The security granted by the Secured Instruments Collateral Provider under each Deed of Charge is a security interest over (i) the Collateral Account in which the Collateral Assets are held (although investors should note the remaining provisions of this section relating to Collateral Assets held through a clearing system) and does not extend to any interest or distributions paid on such Collateral Assets (to the extent such amounts are not held in the relevant Collateral Account) and (ii) the Secured Instruments Collateral Provider's rights under the Charged Documents, to the extent those rights relate to the relevant Series of Secured Instruments.

No security interest will be granted by the Secured Instruments Collateral Provider over any of its rights under any agreement under which it acquires any Collateral Assets (including, without limitation, any hedging agreements). This means that the Security Agent will not have the ability to compel the Secured Instruments Collateral Provider to enforce its rights (or to enforce such rights on behalf of the Secured Instruments Collateral Provider) under any agreement against a counterparty to such agreement.

The Collateral Assets will be secured (other than Collateral Assets which are Korean Securities) in favour of the Secured Parties pursuant to a fixed charge which is intended to create a security interest in the Collateral Assets in favour of the Secured Parties to secure MLBV's obligations in respect of the relevant Series of Secured Instruments. Collateral Assets which are Korean Securities will be secured in favour of the Security Agent (who will hold for itself and on behalf of the relevant Holders and the other relevant Secured Parties under the Security Agency Agreement) pursuant to a pledge created in accordance with Korean law. However, where the Collateral Assets are held through a clearing system (either directly or through a sub-custodian), the interests which the Collateral Agent will hold and which are traded in the clearing system are not the physical Collateral Assets themselves but a series of contractual rights against such clearing system. These rights consist of (a) the Collateral Agent's rights as a participant against the clearing system, (b) the rights of the clearing system against the common depository and (c) the rights of the common depository against the Secured Instruments Collateral Provider of the Collateral Assets. As a result, where the Collateral Assets are held in a clearing system, the security in respect of a Series of Secured Instruments may take the form of an assignment of the Secured Instruments Collateral Provider's rights against the Collateral Agent under the relevant Triparty Account Control Agreement rather than a charge over the Collateral Assets themselves.

A court may characterise the security created under a Deed of Charge as a floating charge rather than a fixed charge

Notwithstanding that the Collateral Provider purports to create a "fixed" charge over the collateral under the Deed of Charge, there is a risk that a court would characterise it as a "floating" charge. The distinction between a fixed charge and a floating charge depends on a number of factors, including the extent of the control exercised over the collateral by the collateral taker. It is a mixed question of fact and law. If a fixed charge is recharacterised as floating charge, the claims of (a) the unsecured creditors of the Collateral Provider in respect of that part of the

chargor's net property which is ringfenced under the Insolvency Act 1986 (the "**Insolvency Act**") and (b) certain statutorily defined preferential creditors of the Collateral Provider, would have priority over the rights of the Security Agent to the proceeds of enforcement of the relevant Collateral Assets. As a result, the full amount of the proceeds of enforcement of the relevant Collateral Assets may not be available to pay holders of the Secured Instruments, resulting in a loss for investors.

A failure to register the security created under a Deed of Charge could mean that it is void against a liquidator, administrator or creditor of the Secured Instruments Collateral Provider

In accordance with section 859A of the Companies Act 2006, relevant particulars of the Deed of Charge (together with a certified copy of the relevant instrument) must be delivered to the Registrar of Companies for registration within 21 days beginning with the date after the day on which the relevant security is created, failing which the security will be void against a liquidator, administrator and any creditor of the Secured Instruments Collateral Provider, except where the Deed of Charge constitutes a "financial collateral arrangement" under the Financial Collateral Arrangements (No. 2) Regulations 2003 (the "**Financial Collateral Regulations**"), in which case the registration requirement is disapplied pursuant to the Financial Collateral Regulations. Uncertainty in respect of the meaning of key terms in the Financial Collateral Regulations including "possession" and "control" means that there is a legal risk that a court would not characterise the security granted under the Deed of Charge as a financial collateral arrangement. If the Deed of Charge were not to be registered in accordance with section 859A of the Companies Act and did not constitute a financial collateral arrangement under the Financial Collateral Regulations, investors would be exposed to the potentially severe consequences of a failure to register.

Limitations of the security interest (Kun Jil Kwon) under each Korean Law Security Agreement

The security interest granted by the Secured Instruments Collateral Provider in the form of a pledge under each Korean Law Security Agreement is a first priority continuing security interest over securities in the Korean Securities Account in favour of the Security Agent as pledgee and does not extend to any interest or distributions paid on such securities.

Under Korean law, a pledge only secures claims held by the pledgee. As the Security Agent is not a Holder of Secured Instruments and therefore has no direct claim against the Issuer in relation to the amounts or Entitlement due to Holders of Secured Instruments, the Triparty Deed of Charge creates a parallel debt arrangement whereby the Security Agent has the same claims against the Issuer as the Holders of Secured Instruments of such Series of Secured Instruments have against the Issuer. The Korean Law Security Agreement then grants the pledge in favour of the Security Agent (who holds the pledge for the benefit of itself and the Holders of Secured Instruments of such Series of Secured Instruments) which upon acceleration of the Instruments, can enforce the security in accordance with the terms of the Korean Law Security Agreement. Investors should be aware that, as far as the Issuer is aware, a parallel debt arrangement has not been tested in a Korean court.

Enforcement of each Korean Law Security Agreement will be by way of transfer of the relevant Collateral Assets (which are Korean Securities). In certain cases, such transfer may require the consent, approval or authorisation of a governmental and/or regulatory body and such consent, approval or authorisation may be delayed or not be granted.

Holders are exposed to the operational risks related to the collateral arrangements and the structure of the Collateral Accounts

The Collateral Agent may, to the extent permitted in accordance with the terms of the Custodian Agreement and the relevant Triparty Account Control Agreement entered into with the Secured Instruments Collateral Provider, hold certain cash and/or securities sub-accounts with other custodial entities ("**sub-custodians**"). Collateral Assets which, pursuant to the terms of the Secured W&C Instruments Conditions, the Custodian Agreement and the relevant Triparty Account Control Agreement, are to be held with the Collateral Agent in a Collateral Account may therefore in practice be held by the Collateral Agent in sub-accounts with sub-custodians. Where the Collateral Assets are held by a sub-custodian on behalf of the Collateral Agent, they will be held pursuant to separate agreements which may vary in relation to any particular sub-custodian and which may not be governed by English law. Security interests in respect of the Collateral Assets also may be created pursuant to separate agreements which may not be governed by English law- (such as the Korean Law Security Agreement). A sub-custodian, securities depository or clearing system may have a lien or rights of set-off with respect to the Collateral Assets held with them in relation to any of their fees and/or expenses. If such fees and/or expenses are not paid, such sub-custodian, securities depository or clearing system may exercise such lien or rights of set-off and this may adversely affect the amounts that are available for distribution to Holders.

The Collateral Agent shall exercise reasonable care in selecting and continuing to use a sub-custodian in each relevant country in light of customary or established rules, practices and procedures then prevailing in each such country, but shall otherwise have no responsibility with respect to the performance by such sub-custodian (other than a sub-custodian that is an affiliate of the Collateral Agent) of its duties or in the event of its insolvency or dissolution. Accordingly, a Holder of Secured Instruments will be exposed to, amongst other things, the risk of any potential operational disruption or any other adverse impact related to the Collateral Agent and any sub-custodian (including disruption caused by any insolvency proceedings which may be commenced in respect of the Collateral Agent and/or any such sub-custodians).

Neither MLBV nor any Holder shall be entitled to enforce a Triparty Account Control Agreement or the Custodian Agreement or to proceed directly against the Collateral Agent or the Custodian to enforce the terms of the relevant Triparty Account Control Agreement or the Custodian Agreement, as applicable. Neither the Collateral Agent nor the Custodian has any liability to MLBV or any Holder as to the consequence of any actions taken by the Collateral Agent or Custodian, as applicable.

The Collateral Assets may be insufficient to pay all amounts due to Holders of the Secured Instruments

The security provided for a Series of Secured Instruments is limited to the Collateral Assets constituting the Collateral Pool applicable to such Series. The amount of Collateral Assets constituting such Collateral Pool will depend on, amongst other things, in respect of the Secured Instruments issued (a) under the Additional Terms and Conditions for Secured Static/Floating Instruments set out in Annex 13 of the Offering Circular ("**Secured Static/Floating Instruments Conditions**"), the MTM Collateral Specified Percentage and the Static Collateral Specified Percentage specified in the applicable Final Terms and (b) under the Additional Terms and Conditions for Secured Fully Floating Instruments set out in Annex 14 to the Offering Circular ("**Secured Fully Floating Instruments Conditions**"), the Collateralisation Percentage specified in the applicable Final Terms and/or whether or not "Collateral Valuation at Nominal Value" is specified to be applicable in the applicable Final Terms. There is no guarantee that the Collateral Assets will be sufficient to ensure that, following enforcement of ~~a Deed of Charge~~ **the relevant Security Agreements**, the amounts available for distribution or the value of the Collateral Assets available to be delivered by the Security Agent will be sufficient to pay all amounts due to a Holder of Secured Instruments in respect of the relevant Series of Secured Instruments (see "*Shortfall on Realisation of Collateral Assets and Limited Recourse of Holders of Secured Instruments*"). In addition the claim of a Holder of Secured Instruments may differ from the value of the Collateral Assets due to the application and distribution of proceeds on enforcement in accordance with the Order of Priority specified in the applicable Final Terms or if Collateral Assets are liquidated and realised by the Security Agent or the Disposal Agent on its behalf rather than being physically delivered due to a Physical Delivery of Collateral Assets Disruption Event (see Secured Static/Floating Instruments Conditions 6.7 and 6.10 and Secured Fully Floating Instruments Conditions 6.6 and 6.9).

A lack of diversification of Collateral Assets in a Collateral Pool may impact the value of the Collateral Assets

If the Secured Static/Floating Instruments Conditions apply to a Series of Secured Instruments, the Collateral Assets in the Collateral Pool on which such Series of Secured Instruments are secured in respect of (a) the MTM Collateral Assets, may be limited to one or a few assets or types of assets depending on the relevant Eligibility Criteria, and (b) the Static Collateral Assets, if comprising of a single debt security, will be limited to one type of asset or, if comprising of a basket of debt securities, will be limited to a few assets of the same type.

If the Secured Fully Floating Instruments Conditions apply to a Series of Secured Instruments, the Collateral Assets in the Collateral Pool on which the Series of Secured Instruments are secured may be limited to one or a few assets or types of assets depending on the relevant Eligibility Criteria.

Low diversification of Collateral Assets in a Collateral Pool may increase the risk that the value of Collateral Assets deliverable on early redemption or early settlement (if physical settlement is applicable) and that the proceeds of realisation of the Collateral Assets may be less than the sums due to the relevant Holder of Secured Instruments under the relevant Secured Instruments. If the Collateral Pool is comprised of a limited number of different types of assets, any depreciation in the value of such assets and the realisation or delivery, as the case may be, of the Collateral Assets in the corresponding Collateral Pool will have a proportionally larger impact on any shortfall as the amount recovered in respect of the Collateral Assets on their sale will be dependent on the then-current market value of a smaller range of Collateral Assets.

None of MLBV, the Secured Instruments Collateral Provider, the Security Agent or the Collateral Agent is under any obligation to ensure that any relevant Eligibility Criteria provide for the diversification of Collateral Assets in a Collateral Pool.

Collateral Assets may be illiquid

Depending on the relevant Eligibility Criteria, certain of the Collateral Assets may not be admitted to trading on any public market and may be illiquid and not easily realisable in certain market circumstances. Where there is limited liquidity in the secondary market relating to Collateral Assets, in the event of enforcement the Security Agent, or the Disposal Agent on its behalf, may not be able to readily sell such Collateral Assets to a third party or may only be able to sell such Collateral Assets at a discounted value.

Potential correlation between the value of the Collateral Assets and the creditworthiness of certain entities

Depending on the Eligibility Criteria applicable to a Series of Secured Instruments, the Collateral Assets relating to such Series could be composed of assets whose value may be positively correlated with the creditworthiness of MLBV and the Secured Instruments Collateral Provider in that adverse economic factors which apply to one may apply to the others, or the default or decline in the creditworthiness of one may itself adversely affect the others.

Where the value of the Collateral Assets is positively correlated with the creditworthiness of MLBV and the Secured Instruments Collateral Provider, for example where the Collateral Assets consist of securities (such as debt or equities) issued by other financial institutions, a default by MLBV in relation to its obligations under the Secured Instruments may be associated with a fall in the value of Collateral Assets securing such Secured Instruments.

Difference between the calculation of Marked-to-Market Derivative Hedge Value and Secured Instrument Market Value and calculation of a Secured Instrument's value for other purposes

The Marked-to-Market Derivative Hedge Value is the market value of the Derivative Hedge in respect of the Secured Instruments to which the Secured Static/Floating Instruments Conditions apply, as determined by the Secured Instruments Valuation Agent as the present value of the future payment obligations of the Issuer under such Secured Instruments minus the present value of the future cash flows of the Static Collateral Assets that secure such Secured Instruments, taking into account such factors as the Secured Instruments Valuation Agent considers to be appropriate in its discretion, including without limitation:

- (a) spot and forward market prices or values for the underlying asset(s) of the Derivative Hedge and other relevant economic variables (including, without limitation, interest rates and, if applicable, exchange rates) at the relevant time;
- (b) the correlation between the market prices or value of the underlying asset(s) of the Derivative Hedge and other relevant economic variables at the relevant time;
- (c) historic and implied volatility of the market prices or value of the underlying asset(s) of the Derivative Hedge;
- (d) the remaining time until expiry of the Derivative Hedge;
- (e) internal pricing models;
- (f) prices at which other market participants might bid for options or other instruments similar to the Derivative Hedge; and
- (g) the valuation using relevant economic variables of the cash flows and/or coupon payments of the Static Collateral Assets that secure such Secured Instruments.

The Derivative Hedge hedges part of MLBV's payment obligations under the Secured Instruments. However, there may be a difference between the sum of the Marked-to-Market Derivative Hedge Value plus the nominal amount of the Secured Instruments and the value of the Secured Instrument as determined for other purposes, including, without limitation, any determination as to its Cash Settlement Amount.

The Secured Instrument Market Value is the market value of the relevant Secured Instrument to which the Secured Fully Floating Instruments Conditions apply, which will take into account MLBV's creditworthiness and will be

determined by the Secured Instruments Valuation Agent by reference to such factors as the Secured Instruments Valuation Agent considers to be appropriate including, without limitation:

- (a) market prices or values for any underlying asset(s) to which the Secured Instruments are linked and other relevant economic variables (such as interest rates and, if applicable, exchange rates) at the relevant time;
- (a) the remaining term of the Secured Instruments until their scheduled maturity and final redemption or scheduled exercise and final settlement, as applicable;
- (b) internal pricing models; and
- (c) prices at which other market participants might bid for securities similar to the Secured Instruments.

There may be a difference between the Secured Instrument Market Value and the value of the Secured Instrument as determined for other purposes, including, without limitation, any determination as to its Cash Settlement Amount.

The value of the Collateral Assets in a Collateral Pool may decline prior to any adjustment

If the Secured Static/Floating Instruments Conditions apply to a Series of Secured Instruments, on each Collateral Test Date, the Collateral Agent shall verify whether (a) the Pool Aggregate Nominal Amount is greater than or equal to the Static Collateral Specified Percentage of the Required Static Collateral Nominal Amount for a Collateral Pool (the "**Static Collateral Test**") and (b) the Collateral Value is greater than or equal to the MTM Collateral Specified Percentage of the Required Collateral Value for a Collateral Pool (the "**MTM Collateral Test**").

If the Secured Fully Floating Instruments Conditions apply to a Series of Secured Instruments, on each Collateral Test Date, the Collateral Agent shall verify whether the Collateral Value is greater than or equal to the Required Collateral Value for a Collateral Pool (the "**Collateral Test**").

Where it is not possible to provide such verification or the Static Collateral Test, the MTM Collateral Test or the Collateral Tests, as applicable, are not met, the Secured Instruments Collateral Provider may be required to deliver, or procure the delivery of, additional or replacement Collateral Assets to the Collateral Account such that after such adjustment of Collateral Assets, the Static Collateral Test, the MTM Collateral Test or the Collateral Test, as applicable, will be satisfied. Prior to such adjustment, the Holders of Secured Instruments will be exposed to a decline in the Pool Aggregate Nominal Amount or the Collateral Value, as applicable, and there is also a risk that the Collateral Assets may not meet the relevant Eligibility Criteria.

Substitution of Collateral Assets may affect the value of the Collateral Assets in a Collateral Pool

If the Secured Static/Floating Instruments Conditions apply to a Series of Secured Instruments, the Secured Instruments Collateral Provider may withdraw and/or replace MTM Collateral Assets from any Collateral Account provided that following such adjustment the applicable MTM Collateral Test continues to be satisfied. Neither the Issuer nor the Secured Instruments Collateral Provider are entitled to withdraw and/or replace Static Collateral Assets, provided that the Secured Instruments Collateral Provider may withdraw from the relevant Collateral Account an aggregate nominal amount of Static Collateral Assets equal to (a) in respect of Secured Instruments that are Secured Notes, the total aggregate principal amount of Non-Waived Instruments that are converted into Waived Instruments or (b) in respect of Secured Instruments that are Secured W&C Instruments, the sum of the Notional Amount of each Non-Waived Instrument that is converted into a Waived Instrument, if, following such withdrawal, (x) the Collateral Test continues to be satisfied, and (y) if the Eligible Static Collateral Assets specified in the Final Terms are a Basket of Eligible Debt Securities, the aggregate nominal amount of each Eligible Debt Security is equal to the percentage weighting for each such Eligible Debt Security within the Basket of Eligible Debt Securities, as specified in the applicable Final Terms.

If the Secured Fully Floating Instruments Conditions apply to a Series of Secured Instruments, the Secured Instruments Collateral Provider may withdraw and/or replace Collateral Assets from any Collateral Account provided that following such adjustment the applicable Collateral Test continues to be satisfied.

The Secured Instruments Collateral Provider may give instructions for the substitution of MTM Collateral Assets or Collateral Assets, as applicable, any number of times over the term of the Secured Instruments and is not required to obtain the consent of any other party prior to effecting the proposed substitution of MTM Collateral Assets or Collateral Assets, as applicable. Until any further adjustments to the MTM Collateral Assets or

Collateral Assets, as applicable, have occurred, the value of the MTM Collateral Assets or Collateral Assets held in a Collateral Account securing a Series of Secured Instruments may be less than it would have been were it not for the substitution of the MTM Collateral Assets or Collateral Assets, as applicable. Also, in spite of the contractual restrictions on the Secured Instruments Collateral Provider's ability to withdraw and/or replace MTM Collateral Assets, Static Collateral Assets and Collateral Assets, there are no practical restrictions on the Secured Instruments Collateral Provider's ability to withdraw assets from the scope of the security.

MLBV may early redeem or cancel and early settle the Secured Instruments upon a Collateral Disruption Event

Secured Instruments will be subject to Collateral Disruption Events, including, but not limited to: (a) the Secured Instruments Collateral Provider being unable to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) or futures or option contracts it deems necessary to obtain Collateral Assets, or (ii) freely realise, recover, remit, receive, re-patriate or transfer the proceeds of any such transaction(s) or asset(s) or futures or option contract(s) or any relevant hedge positions relating to the Collateral Assets; (b) the Secured Instruments Collateral Provider incurring a material increase in certain costs related to (a)(i) and (a)(ii); or (c) MLBV is unable to find a substitute or replacement Collateral Arrangement Party or Security Agent. This may increase the possibility (in comparison with Instruments which are not secured) of the Secured Instruments being early redeemed or cancelled and settled early. Upon the occurrence of a Collateral Disruption Event, MLBV may, acting in good faith and in a commercially reasonable manner, redeem or cancel and settle, as applicable, all of the relevant Secured Instruments (a) in respect of Secured Instruments to which the Secured Static/Floating Instruments Conditions apply, at their Early Redemption/Settlement Amount (CDE) and, where Physical Delivery of Static Collateral Assets is specified to apply in the applicable Final Terms, deliver the Entitlement (CDE); or (b) in respect of Secured Instruments to which the Secured Fully Floating Instruments Conditions apply, at their Early Redemption/Settlement Amount.

Further, following the early redemption or cancellation and early settlement, as applicable, of the Secured Instruments, a Holder of Secured Instruments may not be able to reinvest the redemption or settlement proceeds at an equivalent rate of return to the Secured Instruments being redeemed or settled and may only be able to do so at a significantly lower rate or in worse investment conditions. Potential investors should consider reinvestment risk in light of other available investments at the time they contemplate investing in Secured Instruments.

The Secured Instruments will be automatically early redeemed or cancelled and settled early upon a Collateral Trigger Event

Under the Secured Static/Floating Instruments Conditions, if "Collateral Trigger Event" is specified to be applicable in the applicable Final Terms, the relevant Secured Instruments will be subject to early redemption or cancellation following the occurrence of a Collateral Trigger Event. The Secured Instruments Valuation Agent shall determine that a Collateral Trigger Event has occurred if, at any time during business hours on a London business day during the relevant observation period, the value of a Secured Instrument of the relevant series is (a) if "less than the Collateral Trigger Level" is specified in the applicable Final Terms, less than the Collateral Trigger Level or (b) if "less than or equal to the Collateral Trigger Level" is specified in the applicable Final Terms, less than or equal to the Collateral Trigger Level. The Collateral Trigger Level will be specified in the applicable Final Terms. Upon the occurrence of a Collateral Trigger Event, MLBV will cancel and settle all of the relevant Secured Instruments at their Early Redemption/Settlement Amount (CTE) and, where "Physical Delivery of Static Collateral Assets" is specified to apply in the applicable Final Terms, deliver the Entitlement (CTE).

The value of the relevant Secured Instrument will be determined by the Secured Instruments Valuation Agent as an amount equal to the sum of (x) the intra-day market value of the portion of the option that relates to such Secured Instrument and (y) the intra-day market value of the relevant Static Collateral Assets that relate to such Secured Instrument, by reference to such factors as the Secured Instruments Valuation Agent considers appropriate in its discretion. As MLBV and the Secured Instruments Valuation Agent are affiliates, a potential conflict of interest may arise between the Secured Instruments Valuation Agent and the Holders of Secured Instruments in respect of these determinations. See "*Potential Conflicts of Interest between Holders of Secured Instruments, the Secured Instruments Collateral Provider and the Secured Instruments Valuation Agent*" below.

If a Collateral Trigger Event has occurred the value of all or some of the Collateral Assets forming the Collateral Pool will have lost a substantial proportion of their value. Therefore on early cancellation of the Instruments as a result of such Collateral Trigger Event, the Early Redemption/Settlement Amount (CTE) payable or Entitlement (CTE) deliverable may be significantly less than the investor's initial investment.

In addition, if a Collateral Trigger Event is specified to be applicable in the applicable Final Terms, it may increase the possibility (in comparison with Instruments which are not secured) of the Secured Instruments being redeemed or cancelled and settled early, as applicable. Following such early redemption or cancellation and early settlement, as applicable, a Holder of Secured Instruments may not be able to reinvest the redemption or settlement proceeds at an equivalent rate of return to the Secured Instruments being redeemed or settled and may only be able to do so at a significantly lower rate or in worse investment conditions. Potential investors should consider reinvestment risk in light of other available investments at the time they contemplate investing in Secured Instruments.

The Secured Instruments will be automatically early redeemed or cancelled and settled early upon a MTM Trigger Event

Under the Secured Fully Floating Instruments Conditions, if "MTM Trigger Event" is specified to be applicable in the applicable Final Terms, the relevant Secured Instruments will be subject to early cancellation following the occurrence of a MTM Trigger Event. The Secured Instruments Valuation Agent shall determine that a MTM Trigger Event has occurred if, at any time between 5.00 a.m. Sydney time to 5.00 p.m. New York City time (or such other times specified in the applicable Final Terms) on a business day during the relevant observation period, the market value of a Secured Instrument of the relevant series is (a) if "less than the MTM Trigger Level" is specified in the applicable Final Terms, less than the MTM Trigger Level or (b) if "less than or equal to the MTM Trigger Level" is specified in the applicable Final Terms, less than or equal to the MTM Trigger Level. The MTM Trigger Level will be specified in the applicable Final Terms. Upon the occurrence of a MTM Trigger Event, MLBV will redeem or cancel and settle all of the relevant Secured Instruments at their Early Redemption/Settlement Amount.

The market value of the relevant Secured Instrument will be determined by the Secured Instruments Valuation Agent by reference to such factors as the Secured Instruments Valuation Agent considers appropriate in its discretion. Given that MLBV and the Secured Instruments Valuation Agent are affiliates, a potential conflict of interest may arise between the Secured Instruments Valuation Agent and the Holders of Secured Instruments in respect of these determinations. See "*Potential Conflicts of Interest between Holders of Secured Instruments, the Secured Instruments Collateral Provider and the Secured Instruments Valuation Agent*" below.

If a MTM Trigger Event has occurred the Secured Instruments will have lost a substantial proportion of their value. Therefore on early cancellation of the Secured Instruments as a result of such MTM Trigger Event, the Early Redemption/Settlement Amount payable may be significantly less than the investor's initial investment.

In addition, if "MTM Trigger Event" is specified to be applicable in the applicable Final Terms, it may increase the possibility (in comparison with Instruments which are not secured) of the Secured Instruments being early redeemed or cancelled and settled early, as applicable. Following such early redemption or cancellation and early settlement, as applicable, a Holder of Secured Instruments may not be able to reinvest the redemption or settlement proceeds at an equivalent rate of return to the Secured Instruments being redeemed or settled and may only be able to do so at a significantly lower rate or in worse investment conditions. Potential investors should consider reinvestment risk in light of other available investments at the time they contemplate investing in Secured Instruments.

Investors are exposed to the credit risk of the issuer(s) of the Static Collateral Assets

In respect of Secured Instruments to which the Secured Static/Floating Instruments Conditions apply, the value of the Secured Instruments is expected to be affected by the creditworthiness of an issuer of the Static Collateral Assets and actual or anticipated changes in the credit ratings of an issuer of the Static Collateral Assets.

In respect of Secured Instruments to which the Secured Static/Floating Instruments Conditions apply, Collateral Disruption Events also include certain events which are indicative of a default or material decline in the creditworthiness of an issuer of the Static Collateral Assets. In such circumstances, upon any early redemption or cancellation and early settlement of Secured Instruments by MLBV, it is likely that the market value of the Static Collateral Assets will be low and may be zero, thereby having a material adverse impact on the returns to investors. Therefore, such Secured Instruments explicitly bear the credit risk of an issuer of the Static Collateral Assets and any guarantor of such issuer's obligations under the Static Collateral Assets.

The market value of a Secured Instrument may be affected negatively when the probability of, or the market's perception of the probability of, a Collateral Disruption Event occurring in respect of an issuer of the Static Collateral Assets increases, even if a Collateral Disruption Event does not actually occur.

No investigations, searches or other enquiries have been made by or on behalf of the Issuer, the Secured Instruments Collateral Provider or the Security Agent in respect of the Static Collateral Assets or an issuer or any guarantor of the Static Collateral Assets. No representations or warranties, express or implied, have been given by the Issuer, the Secured Instruments Collateral Provider or the Security Agent or any other person on their behalf in respect of the Static Collateral Assets or an issuer or any guarantor in respect of the Static Collateral Assets. Investors should conduct their own investigation and analysis with respect to the creditworthiness of an issuer and any guarantor of the Static Collateral Assets.

An issuer or any guarantor of the Static Collateral Assets may be a publicly reporting company and financial and other information with respect to the issuer or any guarantor may be available from publicly available sources. Publicly available information in relation to an issuer or any guarantor of the Static Collateral Assets may be incomplete, inaccurate or misleading. None of MLBV, the Secured Instruments Collateral Provider or the Security Agent gives any assurance as to the accuracy or completeness of any information available with respect to an issuer or any guarantor of the Static Collateral Assets or that all events that would affect the creditworthiness of an issuer or any guarantor of the Static Collateral Assets have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of, or failure to disclose, material future events concerning the issuer or any guarantor of the Static Collateral Assets could affect its creditworthiness and therefore the market value of the Secured Instruments, the likelihood of a Collateral Disruption Event occurring and the resulting Early Redemption/Settlement Amount (CDE) or, if "Physical Delivery of Static Collateral Assets" is specified to be applicable in the applicable Final Terms, the value of the Static Collateral Assets delivered to Holders.

Risks related to an Acceleration Event and enforcement of the security following a Secured Instrument Event of Default

If a Secured Instrument Event of Default has occurred and is continuing with respect to any Series of Secured Instruments, then any Holder may, at its option, send an Acceleration Notice to MLBV and the relevant Instrument Agent. If Holders of at least 33 per cent. (in respect of Secured Instruments that are Secured Notes) in aggregate principal amount or (in respect of Secured Instruments that are Secured W&C Instruments) in aggregate Notional Amount or by number (as applicable) of such Non-Waived Instruments (which, unless notified in writing by the Issuer and/or its Affiliates to the Secured Instruments Collateral Provider, shall not include any Secured Instruments held by the Issuer or its Affiliates) and if any such default is not waived or cured by the Issuer in accordance with the relevant Secured Instruments Conditions, an Acceleration Event shall occur in respect of such Series of Secured Instruments.

The relevant Instrument Agent will as soon as reasonably practicable after the occurrence of an Acceleration Event notify the Security Agent of the occurrence of such Acceleration Event and such notification shall be deemed to be an instruction to the Security Agent to, among other things, enforce the security constituted by ~~the~~each relevant ~~Deed of Charge~~Security Agreement (an "**Acceleration Instruction**"). If the Security Agent receives an Acceleration Instruction, the Security Agent shall (acting in accordance with such Acceleration Instruction), among other things, deliver a Collateral Enforcement Notice to MLBV, the Secured Instruments Collateral Provider and the relevant Instrument Agent upon which all Secured Instruments in respect of which such Collateral Enforcement Notice is served will become immediately due and repayable at their applicable Early Redemption/Settlement Amount. The Collateral Agent shall also, upon receipt of a Notice of Intended Enforcement (as defined under the Korean Law Security Agreement) from the Security Agent, forward such notice to the relevant sub-custodian.

No Holder shall be entitled to enforce ~~the~~each relevant ~~Deed of Charge~~Security Agreement or to proceed directly against the Secured Instruments Collateral Provider to enforce the other provisions of a Charged Document unless the Security Agent, having become bound to so enforce or proceed, fails so to do within a reasonable time and such failure is continuing or the Security Agent is prevented from enforcing ~~the~~any relevant ~~Deed of Charge~~Security Agreement by any court order. If a Holder becomes so entitled, then such Holder shall not be entitled to enforce the relevant ~~Deed of Charge~~Security Agreement or Charged Document in the United Kingdom.

Where the Collateral Assets consist of debt securities, shares or other tradable securities, liquidation of all the Collateral Assets simultaneously may increase the risk that the proceeds of realisation of the Collateral Assets may be less than the sums due to the relevant Holder of Secured Instruments under the relevant Secured Instruments because liquidation of all the Collateral Assets in the Collateral Pool at the same time could, in particular market circumstances, lead to a reduction in the market value of some or all of the Collateral Assets.

While Secured Instruments do not have the benefit of any cross-default or cross-acceleration with other Series of Secured Instruments, the events giving rise to the occurrence of a Secured Instrument Event of Default in respect

of one Series are likely to simultaneously cause a Secured Instrument Event of Default to occur in relation to other Series of Secured Instruments. As multiple Series of Secured Instruments may be secured by similar types of Collateral Assets, the simultaneous liquidation of similar Collateral Assets for multiple Series of Secured Instruments may reduce the market value of those Collateral Assets thereby increasing the risk that the proceeds of realisation of the Collateral Assets may be less than the sums due to the relevant Holder of Secured Instruments under the relevant Secured Instruments.

In addition, following the realisation of the Collateral Assets, an investor may not be able to reinvest any redemption or settlement proceeds or, where applicable, any Collateral Assets that it receives at an equivalent rate of return to the Secured Instruments that have become immediately due and payable following the occurrence of an Acceleration Event and may only be able to do so at a significantly lower rate or in worse investment conditions. Potential investors should consider reinvestment risk in light of other available investments at the time they contemplate investing in Secured Instruments.

Limitations on the entitlement of a Holder of Secured Instruments on enforcement and subordination to payment of expenses and other payments

If the Secured Static/Floating Instruments Conditions apply to a Series of Secured Instruments, following the enforcement of the relevant Deed of Charge, the rights of a Holder of Secured Instruments to be paid amounts from the proceeds of such enforcement and the realisation of the related Collateral Assets will be limited to the applicable Early Redemption/Settlement Amount and, where Physical Delivery of Static Collateral Assets is applicable, the delivery of the Entitlement.

If the Secured Fully Floating Instruments Conditions apply to a Series of Secured Instruments, and, following the enforcement of the relevant ~~Deed of Charge~~ Security Agreements, each Secured Instrument's share of the proceeds of enforcement (following payment of the Secured Parties ranking above the Holders in the Order of Priority) is greater than the Early Redemption/Settlement Amount, then the rights of a Holder of Secured Instruments to be paid amounts from the proceeds of such enforcement and the realisation of the related Collateral Assets (or, where "Physical Delivery of Static Collateral Assets" is applicable, the market value of Collateral Assets that a Holder is entitled to receive delivery of) will be limited to: (a) where "NV Collateralisation" or "Max (NV, MV) Collateralisation" is specified to be applicable in the applicable Final Terms, the greater of: (i) the product of (A) the Collateralisation Percentage, multiplied by (B) in respect of Secured Instruments that are Secured Notes, the aggregate principal amount or, in respect of Secured Instruments that are Secured W&C Instruments, the Notional Amount, of the Non-Waived Instruments; and (ii) the Early Redemption/Settlement Amount; and (b) where "MV Collateralisation" or "Min (NV, MV) Collateralisation" is specified to be applicable in the applicable Final Terms, the applicable Early Redemption/Settlement Amount.

Following the early redemption or settlement of the Secured Instruments, a Holder of Secured Instruments may not be able to reinvest the settlement proceeds at an equivalent rate of return to the Secured Instruments being redeemed or settled and may only be able to do so at a significantly lower rate or in worse investment conditions. Potential investors should consider reinvestment risk in light of other available investments at the time they contemplate investing in Secured Instruments.

A Holder's entitlement on enforcement and realisation of the related Collateral Assets will be subordinated to and therefore rank behind claims relating to any amounts payable to Secured Parties ranking prior to the Holder of Non-Waived Instruments in accordance with the Order of Priority specified in the applicable Final Terms and any rights of preference existing by operation of law.

Shortfall on Realisation of Collateral Assets, Limited Recourse of a Holder of Secured Instruments and inadequacy of collateral

The security provided for a Series of Secured Instruments is limited to the Collateral Assets constituting the Collateral Pool applicable to such Series together with the Secured Instruments Collateral Provider's right, benefit, interest and title, present and future, in, under and to the Charged Documents (to the extent they relate to such Series). The value realised for the Collateral Assets in the relevant Collateral Pool or, where (a) in the event that the Secured Static/Floating Instruments Conditions apply to a Series of Secured Instruments, "Physical Delivery of Static Collateral" is applicable, and (b) in the event that the Secured Fully Floating Instruments Conditions apply to a Series of Secured Instruments, Physical Delivery of Collateral Assets on Enforcement is applicable, the value of the Collateral Assets delivered, upon enforcement of the relevant ~~Deed of Charge~~ Security Agreements may be less than the amounts due to a Holder of Secured Instruments in respect of the relevant Series of Secured Instruments and as a result, investors may lose all or a substantial portion of their investment. The level of risk

will particularly depend on the Eligibility Criteria and, if the Secured Fully Floating Instruments Conditions apply to a Series of Secured Instruments on the collateralisation method (either MV Collateralisation, NV Collateralisation, Max (MV, NV) Collateralisation or Min (MV, NV) Collateralisation) as specified in the applicable Final Terms).

The Collateral Assets may suffer a fall in value between the time at which the relevant Deed of Charge Security Agreement becomes enforceable and the time at which the Collateral Assets are realised in full or, where (a) in the event that the Secured Static/Floating Instruments Conditions apply to a Series of Secured Instruments, Physical Delivery of Static Collateral Assets on Enforcement is applicable, and (b) in the event that the Secured Fully Floating Instruments Conditions apply to a Series of Secured Instruments, Physical Delivery of Collateral Assets on Enforcement is applicable, the Collateral Assets are delivered. In extraordinary circumstances, the Collateral Assets forming part of the Collateral Pool available at the time at which a Deed of Charge Security Agreement becomes enforceable could lose all or a substantial proportion of their value by the time of realisation and distribution or delivery, as applicable. Moreover, the security created in respect of the Secured Instruments may be unperfected for a variety of reasons, including the failure to make required filings and, as a result, Holders may not have priority over other creditors as anticipated.

If there is any shortfall in amounts due to a Holder of Secured Instruments in accordance with the Secured Instruments Conditions then such Holder of Secured Instruments shall have no further claim against MLBV, the Secured Instruments Collateral Provider or the Security Agent in respect of such amounts which remain unpaid following enforcement of ~~the~~each relevant Deed of Charge Security Agreement (including, for the avoidance of doubt, payments of redemption amounts or settlement amounts or additional amounts in respect of the Secured Instruments). In such a scenario, as the Guarantees are not applicable to Secured Instruments, a Holder of the Secured Instruments will have no further claim against any entity in respect of any shortfall in amounts due to it.

If physical delivery of Collateral Assets applies on enforcement and a Physical Delivery of Collateral Assets Disruption Event occurs or exists, there may be a delay in delivery of the Collateral Assets or the Collateral Assets may be sold in lieu of delivery

If the Secured Static/Floating Instruments Conditions apply to a Series of Secured Instruments and Physical Delivery of Static Collateral Assets is specified to be applicable, upon enforcement of a Deed of Charge, the Security Agent will not sell, or cause to be sold, the Static Collateral Assets (unless there is a Physical Delivery of Collateral Assets Disruption Event or to the extent required in order to pay any amounts payable to Secured Parties ranking prior to the Holders in accordance with the Order of Priority specified in the applicable Final Terms that have not been met by the sale of MTM Collateral Assets) but will procure delivery of the Static Collateral Assets to each Holder of Secured Instruments in the manner set out in the Secured Static/Floating Instruments Conditions.

If the Secured Fully Floating Instruments Conditions apply to a Series of Secured Instruments and Physical Delivery of Collateral Assets is specified in respect of a Series of Secured Instruments, upon enforcement of a Deed of Charge Security Agreement, the Security Agent will not sell, or cause to be sold, the Collateral Assets (unless there is a Physical Delivery of Collateral Assets Disruption Event or to the extent required in order to pay any amounts payable to Secured Parties ranking prior to the Holders of Secured Instruments in accordance with the Order of Priority specified in the applicable Final Terms) but will procure delivery of the Collateral Assets to each Holder of Secured Instruments in the manner set out in the Secured Fully Floating Instruments Conditions.

If, in the opinion of the Disposal Agent, delivery of all or some of the Static Collateral Assets or Collateral Assets, as applicable, forming part of the Entitlement is not practicable by reason of a Physical Delivery of Collateral Assets Disruption Event having occurred or continuing on any Collateral Delivery Date, then settlement will be postponed until the next Collateral Business Day on which there is no Physical Delivery of Collateral Assets Disruption Event. If delivery of any of the Static Collateral Assets or Collateral Assets, as applicable, forming part of the Entitlement is not possible due to the occurrence of a Physical Delivery of Collateral Assets Disruption Event for a period of greater than 20 Collateral Business Days, the Disposal Agent will sell or realise the undeliverable Static Collateral Assets or Collateral Assets, as applicable, in lieu of physical settlement. The amount received by a Holder of Secured Instruments following such sale of Static Collateral Assets or Collateral Assets, as applicable may be lower than the amount which a Holder of Secured Instruments would have received if the relevant Static Collateral Assets or Collateral Assets, as applicable, had been delivered to it and the Holder of Secured Instruments held the relevant Static Collateral Assets or Collateral Assets, as applicable, to the maturity date of such assets or sold such assets at a different point in time.

Risk of a delay in the realisation of the Collateral Assets in the event of the insolvency of the Security Agent or any Collateral Arrangement Party

The insolvency of MLBV will constitute a Secured Instrument Event of Default, which may trigger early redemption or settlement of any Secured Instruments issued by MLBV. In these circumstances, or in the event of the insolvency of the Security Agent or any Collateral Arrangement Party, the realisation of the Collateral Assets may be delayed either by the appointment of an insolvency administrator or other insolvency official in relation to the relevant party or by measures ordered by a competent court.

In addition, in the case of an insolvency of a member of the Group, it is possible that MLBV, the Secured Instruments Collateral Provider and the Secured Instruments Agent that are members of the Group may also each be insolvent. Such circumstances may lead to a delay in the administrative processes involved in the realisation of the Collateral Assets. However, as the entities responsible for the enforcement of the Deed of Charge Security Agreements and the realisation of the Collateral Assets, namely the Custodian, the Collateral Agent, the Security Agent and the Disposal Agent are not part of the Group, the impact of any insolvency of a member of the Group on such enforcement and realisation should be less material than it would have been if the Custodian, the Collateral Agent, the Security Agent and/or the Disposal Agent were part of the Group.

The initial Custodian, the initial Collateral Agent, and the initial Security Agent are affiliates of one another and it is possible that the Disposal Agent will also be an affiliate, and in the event of the insolvency of one such entity it is possible that another of those entities may also be insolvent. Such circumstances may lead to a delay in the realisation of the Collateral Assets. The Custodian Agreement, Triparty Account Control Agreement, and the Security Agency Agreement will contain provisions permitting the replacement of the Custodian, Collateral Agent, and Security Agent, as applicable, in certain circumstances, including following insolvency, as further provided in such agreements and the Secured Instrument.

If there is a delay in the realisation of the Collateral Assets due to the insolvency of any of these entities, such Collateral Assets could depreciate in value resulting in a shortfall in the amounts returned to Holders of Secured Instruments.

Potential Conflicts of Interest between Holders of Secured Instruments, the Secured Instruments Collateral Provider and the Secured Instruments Valuation Agent

As the Secured Instruments Collateral Provider and the Secured Instruments Valuation Agent are the same legal entity and are affiliates of MLBV, potential conflicts of interest may arise between the Secured Instruments Collateral Provider, the Secured Instruments Valuation Agent and the Holders of Secured Instruments, including with respect to the making of certain determinations and the exercise of certain discretions (including as to the calculation of and determinations relating to (a) the Marked-to-Market Derivative Hedge Value, (b) in respect of Secured Instruments to which the Secured Static/Floating Instruments Conditions apply: (i) the MTM Collateral Specified Percentage of the Required MTM Collateral Value; (ii) the Static Collateral Specified Percentage of the Required Static Collateral Nominal Amount; and (iii) (if applicable) a Collateral Trigger Event or a MTM Trigger Event, and (c) in respect of Secured Instruments to which the Secured Fully Floating Instruments Conditions apply: (i) the Secured Instrument Market Value; and (ii) the Required Collateral Value). In addition, whilst the Secured Instruments Collateral Provider and the Secured Instruments Valuation Agent are obliged to carry out their duties and functions in good faith and in a commercially reasonable manner, neither the Secured Instruments Collateral Provider nor the Secured Instruments Valuation Agent acts or will act as a fiduciary or as an advisor to the Holder of Secured Instruments in respect of their duties as Secured Instruments Collateral Provider and Secured Instruments Valuation Agent, respectively.

A failure by the Security Agent or the Disposal Agent to perform its obligations following an Acceleration Event may adversely affect the amount the Holders of the Secured Instruments may recover

Following a Secured Instrument Event of Default and subsequent Acceleration Event, the Security Agent will (acting in accordance with an Acceleration Instruction) enforce the security under ~~the each~~ relevant Deed of Charge Security Agreement upon the delivery of a Collateral Enforcement Notice and will give instructions to the Disposal Agent to: (a) liquidate and realise the Collateral Assets in the Collateral Pool which secures a Series of Secured Instruments and subsequently distribute the relevant Collateral Enforcement Proceeds Share to the relevant Holders of Secured Instruments or (b) where, in respect of Secured Instruments to which the Secured Static/Floating Instruments Conditions apply, Physical Delivery of Static Collateral Assets is specified as applicable in the applicable Final Terms or where, in respect of Secured Instruments to which the Secured Fully Floating Instruments Conditions apply, Physical Delivery of Collateral Assets is specified as applicable in the

applicable Final Terms, arrange for delivery of the relevant Entitlement to the relevant Holder of Secured Instruments, in each case in accordance with the Order of Priority.

A failure by the Security Agent or the Disposal Agent to perform its obligations with respect to the Collateral Assets or to perform its obligations in a timely or efficient manner may adversely affect the realisation of the Collateral Assets and the amount distributable or deliverable to Holders of Secured Instruments. Accordingly, in the event of a Secured Instrument Event of Default and subsequent Acceleration Event, the amount that Holders of the Secured Instruments recover may be adversely affected.

The Security Agent may be entitled not to act following an Acceleration Event if it believes that it will be unable to recover certain amounts or is not indemnified and/or secured or pre-funded by the Holders

Following a Secured Instrument Event of Default and subsequent Acceleration Event (as notified to the Security Agent upon receipt of an Acceleration Instruction), the Security Agent shall be under no obligation to take any action to liquidate or realise any Collateral Assets, if (a) in the event that it is directed by the requisite percentage of Holders of the Secured Instruments to effect such liquidation or realisation in accordance with the exact provisions of an Acceleration Instruction (the form of which is scheduled to the English Law Agency Agreement) it reasonably believes that it would not be able to recover Security Agent Amounts (being amounts incurred by it in respect of exceptional duties) or would experience an unreasonable delay in doing so; or (b) in the event that it is directed by a Secured Party to effect such liquidation or realisation other than in accordance with the exact provisions of an Acceleration Instruction (the form of which is scheduled to the English Law Agency Agreement) it has not been indemnified and/or secured and/or prefunded to its satisfaction by the Holders of the Secured Instruments.

In any such event, the Security Agent may decide not to take any action and such inaction will not constitute a breach by it of its obligations under the Security Agency Agreement, the ~~Deed of Charge~~ Security Agreements or the Secured Instruments Conditions. Consequently, if applicable, the Holders of the Secured Instruments would have to either arrange for such indemnity and/or security and/or pre-funding, accept the consequences of such inaction by the Security Agent or appoint a replacement Security Agent. Holders of at least 33 per cent., in respect of Secured Notes, in aggregate principal amount or, in respect of Secured W&C Instruments, in aggregate Notional Amount or by number (as applicable), of Non-Waived Instruments outstanding may remove the Security Agent and appoint a replacement Security Agent. Holders of the Secured Instruments should be prepared to bear the costs associated with any such indemnity and/or security and/or pre-funding and/or the consequences of any such inaction by the Security Agent and/or the replacement of the Security Agent. Such inaction by the Security Agent will not entitle Holders of the Secured Instruments to take action in the United Kingdom directly against the Secured Instruments Collateral Provider to pursue remedies for any breach by the Secured Instruments Collateral Provider of the ~~Deed of Charge~~ Security Agreements, the Secured Instruments Conditions or Charged Documents. Any consequential delay in the liquidation or realisation of the Collateral Assets may adversely affect the amount distributable or deliverable to Holders of Secured Instruments.

No Fiduciary duties

In performing their duties under the Programme, none of the Secured Instruments Collateral Provider, the Custodian, the Collateral Agent, the Secured Instruments Valuation Agent or the Disposal Agent will act as a fiduciary or as an advisor to the Holders of Instruments in respect of their respective duties and do not act as a trustee for the Holders of Instruments. In performing its role under the Programme, the Security Agent does not act as an advisor to or fiduciary or trustee for the Holders of the Secured Instruments (either as a Series or individually) or any other party and nothing in any of the documents relating to the Programme shall be interpreted to constitute the Security Agent as a trustee or fiduciary of the Issuer, the Secured Instruments Collateral Provider, the Holders of the Secured Instruments or any other party.

(xii) Risks relating to Secured Euroclear Collateral Service (ECS) Instruments

Holders of Secured ECS Instruments do not have recourse to the Guarantees

The Secured ECS Instruments will be limited recourse obligations of MLBV secured by a separate Collateral Pool for each Series and will not be obligations or responsibilities of, or guaranteed by, the Guarantor or any other person or entity. Therefore a Holder of Secured ECS Instruments will not be able to claim under the terms of the Guarantees against the Guarantor for any unpaid amounts and any such shortfall will not constitute an unsecured claim by such Holder of Secured ECS Instruments against the Guarantor.

**PART B – AMENDED AND RESTATED "RISKS RELATING TO SECURED INSTRUMENTS
(OTHER THAN SECURED ECS INSTRUMENTS)"**

This section indicates the amended and restated text which will be inserted in the Original Offering Circular

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If the Calculation Agent subsequently determines that a Bond Event has occurred and the Issuer elects to redeem or cancel the Bond Linked Instruments, the Early Redemption Amount (in respect of Notes) or Early Settlement Amount (in respect of W&C Instruments) will be payable instead of the amount payable or assets deliverable on the scheduled maturity or settlement date. Moreover, interest or additional amounts (if applicable) will cease to accrue from the Interest Payment Date or Additional Amount Payment Date immediately preceding the date on which the Issuer provided notice of an extension of redemption or settlement. Therefore if this were to occur Holders could potentially lose all or a significant part of their investment and will not receive suspended interest or additional amounts (if applicable).

(xi) Risks relating to Secured Instruments (other than Secured ECS Instruments)

References to "Secured Instruments" in this "Risks relating to Secured Instruments" means Instruments where the applicable Final Terms specifies Annex 13 or Annex 14 to be applicable.

Holders of Secured Instruments do not have recourse to the Guarantees

The Secured Instruments will be limited recourse obligations of MLBV secured by a separate Collateral Pool for each Series and will not be obligations or responsibilities of, or guaranteed by, the Guarantor or any other person or entity. Therefore a Holder of Secured Instruments will not be able to claim under the terms of the Guarantees against the Guarantor for any unpaid amounts and any such shortfall will not constitute an unsecured claim by such Holder of Secured Instruments against the Guarantor.

Limitations of the Security Interest under each Deed of Charge

The security granted by the Secured Instruments Collateral Provider under each Deed of Charge is a security interest over (i) the Collateral Account in which the Collateral Assets are held (although investors should note the remaining provisions of this section relating to Collateral Assets held through a clearing system) and does not extend to any interest or distributions paid on such Collateral Assets (to the extent such amounts are not held in the relevant Collateral Account) and (ii) the Secured Instruments Collateral Provider's rights under the Charged Documents, to the extent those rights relate to the relevant Series of Secured Instruments.

No security interest will be granted by the Secured Instruments Collateral Provider over any of its rights under any agreement under which it acquires any Collateral Assets (including, without limitation, any hedging agreements). This means that the Security Agent will not have the ability to compel the Secured Instruments Collateral Provider to enforce its rights (or to enforce such rights on behalf of the Secured Instruments Collateral Provider) under any agreement against a counterparty to such agreement.

The Collateral Assets will be secured (other than Collateral Assets which are Korean Securities) in favour of the Secured Parties pursuant to a fixed charge which is intended to create a security interest in the Collateral Assets in favour of the Secured Parties to secure MLBV's obligations in respect of the relevant Series of Secured Instruments. Collateral Assets which are Korean Securities will be secured in favour of the Security Agent (who will hold for itself and on behalf of the relevant Holders and the other relevant Secured Parties under the Security Agency Agreement) pursuant to a pledge created in accordance with Korean law. However, where the Collateral Assets are held through a clearing system (either directly or through a sub-custodian), the interests which the Collateral Agent will hold and which are traded in the clearing system are not the physical Collateral Assets themselves but a series of contractual rights against such clearing system. These rights consist of (a) the Collateral Agent's rights as a participant against the clearing system, (b) the rights of the clearing system against the common depository and (c) the rights of the common depository against the Secured Instruments Collateral Provider of the Collateral Assets. As a result, where the Collateral Assets are held in a clearing system, the security in respect of a Series of Secured Instruments may take the form of an assignment of the Secured Instruments Collateral Provider's rights against the Collateral Agent under the relevant Triparty Account Control Agreement rather than a charge over the Collateral Assets themselves.

A court may characterise the security created under a Deed of Charge as a floating charge rather than a fixed charge

Notwithstanding that the Collateral Provider purports to create a "fixed" charge over the collateral under the Deed of Charge, there is a risk that a court would characterise it as a "floating" charge. The distinction between a fixed charge and a floating charge depends on a number of factors, including the extent of the control exercised over the collateral by the collateral taker. It is a mixed question of fact and law. If a fixed charge is recharacterised as floating charge, the claims of (a) the unsecured creditors of the Collateral Provider in respect of that part of the

chargor's net property which is ringfenced under the Insolvency Act 1986 (the "**Insolvency Act**") and (b) certain statutorily defined preferential creditors of the Collateral Provider, would have priority over the rights of the Security Agent to the proceeds of enforcement of the relevant Collateral Assets. As a result, the full amount of the proceeds of enforcement of the relevant Collateral Assets may not be available to pay holders of the Secured Instruments, resulting in a loss for investors.

A failure to register the security created under a Deed of Charge could mean that it is void against a liquidator, administrator or creditor of the Secured Instruments Collateral Provider

In accordance with section 859A of the Companies Act 2006, relevant particulars of the Deed of Charge (together with a certified copy of the relevant instrument) must be delivered to the Registrar of Companies for registration within 21 days beginning with the date after the day on which the relevant security is created, failing which the security will be void against a liquidator, administrator and any creditor of the Secured Instruments Collateral Provider, except where the Deed of Charge constitutes a "financial collateral arrangement" under the Financial Collateral Arrangements (No. 2) Regulations 2003 (the "**Financial Collateral Regulations**"), in which case the registration requirement is disapplied pursuant to the Financial Collateral Regulations. Uncertainty in respect of the meaning of key terms in the Financial Collateral Regulations including "possession" and "control" means that there is a legal risk that a court would not characterise the security granted under the Deed of Charge as a financial collateral arrangement. If the Deed of Charge were not to be registered in accordance with section 859A of the Companies Act and did not constitute a financial collateral arrangement under the Financial Collateral Regulations, investors would be exposed to the potentially severe consequences of a failure to register.

Limitations of the security interest (Kun Jil Kwon) under each Korean Law Security Agreement

The security interest granted by the Secured Instruments Collateral Provider in the form of a pledge under each Korean Law Security Agreement is a first priority continuing security interest over securities in the Korean Securities Account in favour of the Security Agent as pledgee and does not extend to any interest or distributions paid on such securities.

Under Korean law, a pledge only secures claims held by the pledgee. As the Security Agent is not a Holder of Secured Instruments and therefore has no direct claim against the Issuer in relation to the amounts or Entitlement due to Holders of Secured Instruments, the Triparty Deed of Charge creates a parallel debt arrangement whereby the Security Agent has the same claims against the Issuer as the Holders of Secured Instruments of such Series of Secured Instruments have against the Issuer. The Korean Law Security Agreement then grants the pledge in favour of the Security Agent (who holds the pledge for the benefit of itself and the Holders of Secured Instruments of such Series of Secured Instruments) which upon acceleration of the Instruments, can enforce the security in accordance with the terms of the Korean Law Security Agreement. Investors should be aware that, as far as the Issuer is aware, a parallel debt arrangement has not been tested in a Korean court.

Enforcement of each Korean Law Security Agreement will be by way of transfer of the relevant Collateral Assets (which are Korean Securities). In certain cases, such transfer may require the consent, approval or authorisation of a governmental and/or regulatory body and such consent, approval or authorisation may be delayed or not be granted.

Holders are exposed to the operational risks related to the collateral arrangements and the structure of the Collateral Accounts

The Collateral Agent may, to the extent permitted in accordance with the terms of the Custodian Agreement and the relevant Triparty Account Control Agreement entered into with the Secured Instruments Collateral Provider, hold certain cash and/or securities sub-accounts with other custodial entities ("**sub-custodians**"). Collateral Assets which, pursuant to the terms of the Secured W&C Instruments Conditions, the Custodian Agreement and the relevant Triparty Account Control Agreement, are to be held with the Collateral Agent in a Collateral Account may therefore in practice be held by the Collateral Agent in sub-accounts with sub-custodians. Where the Collateral Assets are held by a sub-custodian on behalf of the Collateral Agent, they will be held pursuant to separate agreements which may vary in relation to any particular sub-custodian and which may not be governed by English law. Security interests in respect of the Collateral Assets also may be created pursuant to separate agreements which may not be governed by English law (such as the Korean Law Security Agreement). A sub-custodian, securities depository or clearing system may have a lien or rights of set-off with respect to the Collateral Assets held with them in relation to any of their fees and/or expenses. If such fees and/or expenses are not paid, such sub-custodian, securities depository or clearing system may exercise such lien or rights of set-off and this may adversely affect the amounts that are available for distribution to Holders.

The Collateral Agent shall exercise reasonable care in selecting and continuing to use a sub-custodian in each relevant country in light of customary or established rules, practices and procedures then prevailing in each such country, but shall otherwise have no responsibility with respect to the performance by such sub-custodian (other than a sub-custodian that is an affiliate of the Collateral Agent) of its duties or in the event of its insolvency or dissolution. Accordingly, a Holder of Secured Instruments will be exposed to, amongst other things, the risk of any potential operational disruption or any other adverse impact related to the Collateral Agent and any sub-custodian (including disruption caused by any insolvency proceedings which may be commenced in respect of the Collateral Agent and/or any such sub-custodians).

Neither MLBV nor any Holder shall be entitled to enforce a Triparty Account Control Agreement or the Custodian Agreement or to proceed directly against the Collateral Agent or the Custodian to enforce the terms of the relevant Triparty Account Control Agreement or the Custodian Agreement, as applicable. Neither the Collateral Agent nor the Custodian has any liability to MLBV or any Holder as to the consequence of any actions taken by the Collateral Agent or Custodian, as applicable.

The Collateral Assets may be insufficient to pay all amounts due to Holders of the Secured Instruments

The security provided for a Series of Secured Instruments is limited to the Collateral Assets constituting the Collateral Pool applicable to such Series. The amount of Collateral Assets constituting such Collateral Pool will depend on, amongst other things, in respect of the Secured Instruments issued (a) under the Additional Terms and Conditions for Secured Static/Floating Instruments set out in Annex 13 of the Offering Circular ("**Secured Static/Floating Instruments Conditions**"), the MTM Collateral Specified Percentage and the Static Collateral Specified Percentage specified in the applicable Final Terms and (b) under the Additional Terms and Conditions for Secured Fully Floating Instruments set out in Annex 14 to the Offering Circular ("**Secured Fully Floating Instruments Conditions**"), the Collateralisation Percentage specified in the applicable Final Terms and/or whether or not "Collateral Valuation at Nominal Value" is specified to be applicable in the applicable Final Terms. There is no guarantee that the Collateral Assets will be sufficient to ensure that, following enforcement of the relevant Security Agreements, the amounts available for distribution or the value of the Collateral Assets available to be delivered by the Security Agent will be sufficient to pay all amounts due to a Holder of Secured Instruments in respect of the relevant Series of Secured Instruments (see "*Shortfall on Realisation of Collateral Assets and Limited Recourse of Holders of Secured Instruments*"). In addition the claim of a Holder of Secured Instruments may differ from the value of the Collateral Assets due to the application and distribution of proceeds on enforcement in accordance with the Order of Priority specified in the applicable Final Terms or if Collateral Assets are liquidated and realised by the Security Agent or the Disposal Agent on its behalf rather than being physically delivered due to a Physical Delivery of Collateral Assets Disruption Event (see Secured Static/Floating Instruments Conditions 6.7 and 6.10 and Secured Fully Floating Instruments Conditions 6.6 and 6.9).

A lack of diversification of Collateral Assets in a Collateral Pool may impact the value of the Collateral Assets

If the Secured Static/Floating Instruments Conditions apply to a Series of Secured Instruments, the Collateral Assets in the Collateral Pool on which such Series of Secured Instruments are secured in respect of (a) the MTM Collateral Assets, may be limited to one or a few assets or types of assets depending on the relevant Eligibility Criteria, and (b) the Static Collateral Assets, if comprising of a single debt security, will be limited to one type of asset or, if comprising of a basket of debt securities, will be limited to a few assets of the same type.

If the Secured Fully Floating Instruments Conditions apply to a Series of Secured Instruments, the Collateral Assets in the Collateral Pool on which the Series of Secured Instruments are secured may be limited to one or a few assets or types of assets depending on the relevant Eligibility Criteria.

Low diversification of Collateral Assets in a Collateral Pool may increase the risk that the value of Collateral Assets deliverable on early redemption or early settlement (if physical settlement is applicable) and that the proceeds of realisation of the Collateral Assets may be less than the sums due to the relevant Holder of Secured Instruments under the relevant Secured Instruments. If the Collateral Pool is comprised of a limited number of different types of assets, any depreciation in the value of such assets and the realisation or delivery, as the case may be, of the Collateral Assets in the corresponding Collateral Pool will have a proportionally larger impact on any shortfall as the amount recovered in respect of the Collateral Assets on their sale will be dependent on the then-current market value of a smaller range of Collateral Assets.

None of MLBV, the Secured Instruments Collateral Provider, the Security Agent or the Collateral Agent is under any obligation to ensure that any relevant Eligibility Criteria provide for the diversification of Collateral Assets in a Collateral Pool.

Collateral Assets may be illiquid

Depending on the relevant Eligibility Criteria, certain of the Collateral Assets may not be admitted to trading on any public market and may be illiquid and not easily realisable in certain market circumstances. Where there is limited liquidity in the secondary market relating to Collateral Assets, in the event of enforcement the Security Agent, or the Disposal Agent on its behalf, may not be able to readily sell such Collateral Assets to a third party or may only be able to sell such Collateral Assets at a discounted value.

Potential correlation between the value of the Collateral Assets and the creditworthiness of certain entities

Depending on the Eligibility Criteria applicable to a Series of Secured Instruments, the Collateral Assets relating to such Series could be composed of assets whose value may be positively correlated with the creditworthiness of MLBV and the Secured Instruments Collateral Provider in that adverse economic factors which apply to one may apply to the others, or the default or decline in the creditworthiness of one may itself adversely affect the others.

Where the value of the Collateral Assets is positively correlated with the creditworthiness of MLBV and the Secured Instruments Collateral Provider, for example where the Collateral Assets consist of securities (such as debt or equities) issued by other financial institutions, a default by MLBV in relation to its obligations under the Secured Instruments may be associated with a fall in the value of Collateral Assets securing such Secured Instruments.

Difference between the calculation of Marked-to-Market Derivative Hedge Value and Secured Instrument Market Value and calculation of a Secured Instrument's value for other purposes

The Marked-to-Market Derivative Hedge Value is the market value of the Derivative Hedge in respect of the Secured Instruments to which the Secured Static/Floating Instruments Conditions apply, as determined by the Secured Instruments Valuation Agent as the present value of the future payment obligations of the Issuer under such Secured Instruments minus the present value of the future cash flows of the Static Collateral Assets that secure such Secured Instruments, taking into account such factors as the Secured Instruments Valuation Agent considers to be appropriate in its discretion, including without limitation:

- a) spot and forward market prices or values for the underlying asset(s) of the Derivative Hedge and other relevant economic variables (including, without limitation, interest rates and, if applicable, exchange rates) at the relevant time;
- b) the correlation between the market prices or value of the underlying asset(s) of the Derivative Hedge and other relevant economic variables at the relevant time;
- c) historic and implied volatility of the market prices or value of the underlying asset(s) of the Derivative Hedge;
- d) the remaining time until expiry of the Derivative Hedge;
- e) internal pricing models;
- f) prices at which other market participants might bid for options or other instruments similar to the Derivative Hedge; and
- g) the valuation using relevant economic variables of the cash flows and/or coupon payments of the Static Collateral Assets that secure such Secured Instruments.

The Derivative Hedge hedges part of MLBV's payment obligations under the Secured Instruments. However, there may be a difference between the sum of the Marked-to-Market Derivative Hedge Value plus the nominal amount of the Secured Instruments and the value of the Secured Instrument as determined for other purposes, including, without limitation, any determination as to its Cash Settlement Amount.

The Secured Instrument Market Value is the market value of the relevant Secured Instrument to which the Secured Fully Floating Instruments Conditions apply, which will take into account MLBV's creditworthiness and will be determined by the Secured Instruments Valuation Agent by reference to such factors as the Secured Instruments Valuation Agent considers to be appropriate including, without limitation:

- (a) market prices or values for any underlying asset(s) to which the Secured Instruments are linked and other relevant economic variables (such as interest rates and, if applicable, exchange rates) at the relevant time;
- (a) the remaining term of the Secured Instruments until their scheduled maturity and final redemption or scheduled exercise and final settlement, as applicable;
- (b) internal pricing models; and
- (c) prices at which other market participants might bid for securities similar to the Secured Instruments.

There may be a difference between the Secured Instrument Market Value and the value of the Secured Instrument as determined for other purposes, including, without limitation, any determination as to its Cash Settlement Amount.

The value of the Collateral Assets in a Collateral Pool may decline prior to any adjustment

If the Secured Static/Floating Instruments Conditions apply to a Series of Secured Instruments, on each Collateral Test Date, the Collateral Agent shall verify whether (a) the Pool Aggregate Nominal Amount is greater than or equal to the Static Collateral Specified Percentage of the Required Static Collateral Nominal Amount for a Collateral Pool (the "**Static Collateral Test**") and (b) the Collateral Value is greater than or equal to the MTM Collateral Specified Percentage of the Required Collateral Value for a Collateral Pool (the "**MTM Collateral Test**").

If the Secured Fully Floating Instruments Conditions apply to a Series of Secured Instruments, on each Collateral Test Date, the Collateral Agent shall verify whether the Collateral Value is greater than or equal to the Required Collateral Value for a Collateral Pool (the "**Collateral Test**").

Where it is not possible to provide such verification or the Static Collateral Test, the MTM Collateral Test or the Collateral Tests, as applicable, are not met, the Secured Instruments Collateral Provider may be required to deliver, or procure the delivery of, additional or replacement Collateral Assets to the Collateral Account such that after such adjustment of Collateral Assets, the Static Collateral Test, the MTM Collateral Test or the Collateral Test, as applicable, will be satisfied. Prior to such adjustment, the Holders of Secured Instruments will be exposed to a decline in the Pool Aggregate Nominal Amount or the Collateral Value, as applicable, and there is also a risk that the Collateral Assets may not meet the relevant Eligibility Criteria.

Substitution of Collateral Assets may affect the value of the Collateral Assets in a Collateral Pool

If the Secured Static/Floating Instruments Conditions apply to a Series of Secured Instruments, the Secured Instruments Collateral Provider may withdraw and/or replace MTM Collateral Assets from any Collateral Account provided that following such adjustment the applicable MTM Collateral Test continues to be satisfied. Neither the Issuer nor the Secured Instruments Collateral Provider are entitled to withdraw and/or replace Static Collateral Assets, provided that the Secured Instruments Collateral Provider may withdraw from the relevant Collateral Account an aggregate nominal amount of Static Collateral Assets equal to (a) in respect of Secured Instruments that are Secured Notes, the total aggregate principal amount of Non-Waived Instruments that are converted into Waived Instruments or (b) in respect of Secured Instruments that are Secured W&C Instruments, the sum of the Notional Amount of each Non-Waived Instrument that is converted into a Waived Instrument, if, following such withdrawal, (x) the Collateral Test continues to be satisfied, and (y) if the Eligible Static Collateral Assets specified in the Final Terms are a Basket of Eligible Debt Securities, the aggregate nominal amount of each Eligible Debt Security is equal to the percentage weighting for each such Eligible Debt Security within the Basket of Eligible Debt Securities, as specified in the applicable Final Terms.

If the Secured Fully Floating Instruments Conditions apply to a Series of Secured Instruments, the Secured Instruments Collateral Provider may withdraw and/or replace Collateral Assets from any Collateral Account provided that following such adjustment the applicable Collateral Test continues to be satisfied.

The Secured Instruments Collateral Provider may give instructions for the substitution of MTM Collateral Assets or Collateral Assets, as applicable, any number of times over the term of the Secured Instruments and is not required to obtain the consent of any other party prior to effecting the proposed substitution of MTM Collateral Assets or Collateral Assets, as applicable. Until any further adjustments to the MTM Collateral Assets or Collateral Assets, as applicable, have occurred, the value of the MTM Collateral Assets or Collateral Assets held in a Collateral Account securing a Series of Secured Instruments may be less than it would have been were it not for the substitution of the MTM Collateral Assets or Collateral Assets, as applicable. Also, in spite of the

contractual restrictions on the Secured Instruments Collateral Provider's ability to withdraw and/or replace MTM Collateral Assets, Static Collateral Assets and Collateral Assets, there are no practical restrictions on the Secured Instruments Collateral Provider's ability to withdraw assets from the scope of the security.

MLBV may early redeem or cancel and early settle the Secured Instruments upon a Collateral Disruption Event

Secured Instruments will be subject to Collateral Disruption Events, including, but not limited to: (a) the Secured Instruments Collateral Provider being unable to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) or futures or option contracts it deems necessary to obtain Collateral Assets, or (ii) freely realise, recover, remit, receive, re-patriate or transfer the proceeds of any such transaction(s) or asset(s) or futures or option contract(s) or any relevant hedge positions relating to the Collateral Assets; (b) the Secured Instruments Collateral Provider incurring a material increase in certain costs related to (a)(i) and (a)(ii); or (c) MLBV is unable to find a substitute or replacement Collateral Arrangement Party or Security Agent. This may increase the possibility (in comparison with Instruments which are not secured) of the Secured Instruments being early redeemed or cancelled and settled early. Upon the occurrence of a Collateral Disruption Event, MLBV may, acting in good faith and in a commercially reasonable manner, redeem or cancel and settle, as applicable, all of the relevant Secured Instruments (a) in respect of Secured Instruments to which the Secured Static/Floating Instruments Conditions apply, at their Early Redemption/Settlement Amount (CDE) and, where Physical Delivery of Static Collateral Assets is specified to apply in the applicable Final Terms, deliver the Entitlement (CDE); or (b) in respect of Secured Instruments to which the Secured Fully Floating Instruments Conditions apply, at their Early Redemption/Settlement Amount.

Further, following the early redemption or cancellation and early settlement, as applicable, of the Secured Instruments, a Holder of Secured Instruments may not be able to reinvest the redemption or settlement proceeds at an equivalent rate of return to the Secured Instruments being redeemed or settled and may only be able to do so at a significantly lower rate or in worse investment conditions. Potential investors should consider reinvestment risk in light of other available investments at the time they contemplate investing in Secured Instruments.

The Secured Instruments will be automatically early redeemed or cancelled and settled early upon a Collateral Trigger Event

Under the Secured Static/Floating Instruments Conditions, if "Collateral Trigger Event" is specified to be applicable in the applicable Final Terms, the relevant Secured Instruments will be subject to early redemption or cancellation following the occurrence of a Collateral Trigger Event. The Secured Instruments Valuation Agent shall determine that a Collateral Trigger Event has occurred if, at any time during business hours on a London business day during the relevant observation period, the value of a Secured Instrument of the relevant series is (a) if "less than the Collateral Trigger Level" is specified in the applicable Final Terms, less than the Collateral Trigger Level or (b) if "less than or equal to the Collateral Trigger Level" is specified in the applicable Final Terms, less than or equal to the Collateral Trigger Level. The Collateral Trigger Level will be specified in the applicable Final Terms. Upon the occurrence of a Collateral Trigger Event, MLBV will cancel and settle all of the relevant Secured Instruments at their Early Redemption/Settlement Amount (CTE) and, where "Physical Delivery of Static Collateral Assets" is specified to apply in the applicable Final Terms, deliver the Entitlement (CTE).

The value of the relevant Secured Instrument will be determined by the Secured Instruments Valuation Agent as an amount equal to the sum of (x) the intra-day market value of the portion of the option that relates to such Secured Instrument and (y) the intra-day market value of the relevant Static Collateral Assets that relate to such Secured Instrument, by reference to such factors as the Secured Instruments Valuation Agent considers appropriate in its discretion. As MLBV and the Secured Instruments Valuation Agent are affiliates, a potential conflict of interest may arise between the Secured Instruments Valuation Agent and the Holders of Secured Instruments in respect of these determinations. See "*Potential Conflicts of Interest between Holders of Secured Instruments, the Secured Instruments Collateral Provider and the Secured Instruments Valuation Agent*" below.

If a Collateral Trigger Event has occurred the value of all or some of the Collateral Assets forming the Collateral Pool will have lost a substantial proportion of their value. Therefore on early cancellation of the Instruments as a result of such Collateral Trigger Event, the Early Redemption/Settlement Amount (CTE) payable or Entitlement (CTE) deliverable may be significantly less than the investor's initial investment.

In addition, if a Collateral Trigger Event is specified to be applicable in the applicable Final Terms, it may increase the possibility (in comparison with Instruments which are not secured) of the Secured Instruments being redeemed or cancelled and settled early, as applicable. Following such early redemption or cancellation and early settlement,

as applicable, a Holder of Secured Instruments may not be able to reinvest the redemption or settlement proceeds at an equivalent rate of return to the Secured Instruments being redeemed or settled and may only be able to do so at a significantly lower rate or in worse investment conditions. Potential investors should consider reinvestment risk in light of other available investments at the time they contemplate investing in Secured Instruments.

The Secured Instruments will be automatically early redeemed or cancelled and settled early upon a MTM Trigger Event

Under the Secured Fully Floating Instruments Conditions, if "MTM Trigger Event" is specified to be applicable in the applicable Final Terms, the relevant Secured Instruments will be subject to early cancellation following the occurrence of a MTM Trigger Event. The Secured Instruments Valuation Agent shall determine that a MTM Trigger Event has occurred if, at any time between 5.00 a.m. Sydney time to 5.00 p.m. New York City time (or such other times specified in the applicable Final Terms) on a business day during the relevant observation period, the market value of a Secured Instrument of the relevant series is (a) if "less than the MTM Trigger Level" is specified in the applicable Final Terms, less than the MTM Trigger Level or (b) if "less than or equal to the MTM Trigger Level" is specified in the applicable Final Terms, less than or equal to the MTM Trigger Level. The MTM Trigger Level will be specified in the applicable Final Terms. Upon the occurrence of a MTM Trigger Event, MLBV will redeem or cancel and settle all of the relevant Secured Instruments at their Early Redemption/Settlement Amount.

The market value of the relevant Secured Instrument will be determined by the Secured Instruments Valuation Agent by reference to such factors as the Secured Instruments Valuation Agent considers appropriate in its discretion. Given that MLBV and the Secured Instruments Valuation Agent are affiliates, a potential conflict of interest may arise between the Secured Instruments Valuation Agent and the Holders of Secured Instruments in respect of these determinations. See "*Potential Conflicts of Interest between Holders of Secured Instruments, the Secured Instruments Collateral Provider and the Secured Instruments Valuation Agent*" below.

If a MTM Trigger Event has occurred the Secured Instruments will have lost a substantial proportion of their value. Therefore on early cancellation of the Secured Instruments as a result of such MTM Trigger Event, the Early Redemption/Settlement Amount payable may be significantly less than the investor's initial investment.

In addition, if "MTM Trigger Event" is specified to be applicable in the applicable Final Terms, it may increase the possibility (in comparison with Instruments which are not secured) of the Secured Instruments being early redeemed or cancelled and settled early, as applicable. Following such early redemption or cancellation and early settlement, as applicable, a Holder of Secured Instruments may not be able to reinvest the redemption or settlement proceeds at an equivalent rate of return to the Secured Instruments being redeemed or settled and may only be able to do so at a significantly lower rate or in worse investment conditions. Potential investors should consider reinvestment risk in light of other available investments at the time they contemplate investing in Secured Instruments.

Investors are exposed to the credit risk of the issuer(s) of the Static Collateral Assets

In respect of Secured Instruments to which the Secured Static/Floating Instruments Conditions apply, the value of the Secured Instruments is expected to be affected by the creditworthiness of an issuer of the Static Collateral Assets and actual or anticipated changes in the credit ratings of an issuer of the Static Collateral Assets.

In respect of Secured Instruments to which the Secured Static/Floating Instruments Conditions apply, Collateral Disruption Events also include certain events which are indicative of a default or material decline in the creditworthiness of an issuer of the Static Collateral Assets. In such circumstances, upon any early redemption or cancellation and early settlement of Secured Instruments by MLBV, it is likely that the market value of the Static Collateral Assets will be low and may be zero, thereby having a material adverse impact on the returns to investors. Therefore, such Secured Instruments explicitly bear the credit risk of an issuer of the Static Collateral Assets and any guarantor of such issuer's obligations under the Static Collateral Assets.

The market value of a Secured Instrument may be affected negatively when the probability of, or the market's perception of the probability of, a Collateral Disruption Event occurring in respect of an issuer of the Static Collateral Assets increases, even if a Collateral Disruption Event does not actually occur.

No investigations, searches or other enquiries have been made by or on behalf of the Issuer, the Secured Instruments Collateral Provider or the Security Agent in respect of the Static Collateral Assets or an issuer or any guarantor of the Static Collateral Assets. No representations or warranties, express or implied, have been given

by the Issuer, the Secured Instruments Collateral Provider or the Security Agent or any other person on their behalf in respect of the Static Collateral Assets or an issuer or any guarantor in respect of the Static Collateral Assets. Investors should conduct their own investigation and analysis with respect to the creditworthiness of an issuer and any guarantor of the Static Collateral Assets.

An issuer or any guarantor of the Static Collateral Assets may be a publicly reporting company and financial and other information with respect to the issuer or any guarantor may be available from publicly available sources. Publicly available information in relation to an issuer or any guarantor of the Static Collateral Assets may be incomplete, inaccurate or misleading. None of MLBV, the Secured Instruments Collateral Provider or the Security Agent gives any assurance as to the accuracy or completeness of any information available with respect to an issuer or any guarantor of the Static Collateral Assets or that all events that would affect the creditworthiness of an issuer or any guarantor of the Static Collateral Assets have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of, or failure to disclose, material future events concerning the issuer or any guarantor of the Static Collateral Assets could affect its creditworthiness and therefore the market value of the Secured Instruments, the likelihood of a Collateral Disruption Event occurring and the resulting Early Redemption/Settlement Amount (CDE) or, if "Physical Delivery of Static Collateral Assets" is specified to be applicable in the applicable Final Terms, the value of the Static Collateral Assets delivered to Holders.

Risks related to an Acceleration Event and enforcement of the security following a Secured Instrument Event of Default

If a Secured Instrument Event of Default has occurred and is continuing with respect to any Series of Secured Instruments, then any Holder may, at its option, send an Acceleration Notice to MLBV and the relevant Instrument Agent. If Holders of at least 33 per cent. (in respect of Secured Instruments that are Secured Notes) in aggregate principal amount or (in respect of Secured Instruments that are Secured W&C Instruments) in aggregate Notional Amount or by number (as applicable) of such Non-Waived Instruments (which, unless notified in writing by the Issuer and/or its Affiliates to the Secured Instruments Collateral Provider, shall not include any Secured Instruments held by the Issuer or its Affiliates) and if any such default is not waived or cured by the Issuer in accordance with the relevant Secured Instruments Conditions, an Acceleration Event shall occur in respect of such Series of Secured Instruments.

The relevant Instrument Agent will as soon as reasonably practicable after the occurrence of an Acceleration Event notify the Security Agent of the occurrence of such Acceleration Event and such notification shall be deemed to be an instruction to the Security Agent to, among other things, enforce the security constituted by each relevant Security Agreement (an "**Acceleration Instruction**"). If the Security Agent receives an Acceleration Instruction, the Security Agent shall (acting in accordance with such Acceleration Instruction), among other things, deliver a Collateral Enforcement Notice to MLBV, the Secured Instruments Collateral Provider and the relevant Instrument Agent upon which all Secured Instruments in respect of which such Collateral Enforcement Notice is served will become immediately due and repayable at their applicable Early Redemption/Settlement Amount. The Collateral Agent shall also, upon receipt of a Notice of Intended Enforcement (as defined under the Korean Law Security Agreement) from the Security Agent, forward such notice to the relevant sub-custodian.

No Holder shall be entitled to enforce each relevant Security Agreement or to proceed directly against the Secured Instruments Collateral Provider to enforce the other provisions of a Charged Document unless the Security Agent, having become bound to so enforce or proceed, fails so to do within a reasonable time and such failure is continuing or the Security Agent is prevented from enforcing any relevant Security Agreement by any court order. If a Holder becomes so entitled, then such Holder shall not be entitled to enforce the relevant Security Agreement or Charged Document in the United Kingdom.

Where the Collateral Assets consist of debt securities, shares or other tradable securities, liquidation of all the Collateral Assets simultaneously may increase the risk that the proceeds of realisation of the Collateral Assets may be less than the sums due to the relevant Holder of Secured Instruments under the relevant Secured Instruments because liquidation of all the Collateral Assets in the Collateral Pool at the same time could, in particular market circumstances, lead to a reduction in the market value of some or all of the Collateral Assets.

While Secured Instruments do not have the benefit of any cross-default or cross-acceleration with other Series of Secured Instruments, the events giving rise to the occurrence of a Secured Instrument Event of Default in respect of one Series are likely to simultaneously cause a Secured Instrument Event of Default to occur in relation to other Series of Secured Instruments. As multiple Series of Secured Instruments may be secured by similar types of Collateral Assets, the simultaneous liquidation of similar Collateral Assets for multiple Series of Secured Instruments may reduce the market value of those Collateral Assets thereby increasing the risk that the proceeds

of realisation of the Collateral Assets may be less than the sums due to the relevant Holder of Secured Instruments under the relevant Secured Instruments.

In addition, following the realisation of the Collateral Assets, an investor may not be able to reinvest any redemption or settlement proceeds or, where applicable, any Collateral Assets that it receives at an equivalent rate of return to the Secured Instruments that have become immediately due and payable following the occurrence of an Acceleration Event and may only be able to do so at a significantly lower rate or in worse investment conditions. Potential investors should consider reinvestment risk in light of other available investments at the time they contemplate investing in Secured Instruments.

Limitations on the entitlement of a Holder of Secured Instruments on enforcement and subordination to payment of expenses and other payments

If the Secured Static/Floating Instruments Conditions apply to a Series of Secured Instruments, following the enforcement of the relevant Deed of Charge, the rights of a Holder of Secured Instruments to be paid amounts from the proceeds of such enforcement and the realisation of the related Collateral Assets will be limited to the applicable Early Redemption/Settlement Amount and, where Physical Delivery of Static Collateral Assets is applicable, the delivery of the Entitlement.

If the Secured Fully Floating Instruments Conditions apply to a Series of Secured Instruments, and, following the enforcement of the relevant Security Agreements, each Secured Instrument's share of the proceeds of enforcement (following payment of the Secured Parties ranking above the Holders in the Order of Priority) is greater than the Early Redemption/Settlement Amount, then the rights of a Holder of Secured Instruments to be paid amounts from the proceeds of such enforcement and the realisation of the related Collateral Assets (or, where "Physical Delivery of Static Collateral Assets" is applicable, the market value of Collateral Assets that a Holder is entitled to receive delivery of) will be limited to: (a) where "NV Collateralisation" or "Max (NV, MV) Collateralisation" is specified to be applicable in the applicable Final Terms, the greater of: (i) the product of (A) the Collateralisation Percentage, multiplied by (B) in respect of Secured Instruments that are Secured W&C Instruments, the Notional Amount, of the Non-Waived Instruments; and (ii) the Early Redemption/Settlement Amount; and (b) where "MV Collateralisation" or "Min (NV, MV) Collateralisation" is specified to be applicable in the applicable Final Terms, the applicable Early Redemption/Settlement Amount.

Following the early redemption or settlement of the Secured Instruments, a Holder of Secured Instruments may not be able to reinvest the settlement proceeds at an equivalent rate of return to the Secured Instruments being redeemed or settled and may only be able to do so at a significantly lower rate or in worse investment conditions. Potential investors should consider reinvestment risk in light of other available investments at the time they contemplate investing in Secured Instruments.

A Holder's entitlement on enforcement and realisation of the related Collateral Assets will be subordinated to and therefore rank behind claims relating to any amounts payable to Secured Parties ranking prior to the Holder of Non-Waived Instruments in accordance with the Order of Priority specified in the applicable Final Terms and any rights of preference existing by operation of law.

Shortfall on Realisation of Collateral Assets, Limited Recourse of a Holder of Secured Instruments and inadequacy of collateral

The security provided for a Series of Secured Instruments is limited to the Collateral Assets constituting the Collateral Pool applicable to such Series together with the Secured Instruments Collateral Provider's right, benefit, interest and title, present and future, in, under and to the Charged Documents (to the extent they relate to such Series). The value realised for the Collateral Assets in the relevant Collateral Pool or, where (a) in the event that the Secured Static/Floating Instruments Conditions apply to a Series of Secured Instruments, "Physical Delivery of Static Collateral" is applicable, and (b) in the event that the Secured Fully Floating Instruments Conditions apply to a Series of Secured Instruments, Physical Delivery of Collateral Assets on Enforcement is applicable, the value of the Collateral Assets delivered, upon enforcement of the relevant Security Agreements may be less than the amounts due to a Holder of Secured Instruments in respect of the relevant Series of Secured Instruments and as a result, investors may lose all or a substantial portion of their investment. The level of risk will particularly depend on the Eligibility Criteria and, if the Secured Fully Floating Instruments Conditions apply to a Series of Secured Instruments on the collateralisation method (either MV Collateralisation, NV Collateralisation, Max (MV, NV) Collateralisation or Min (MV, NV) Collateralisation) as specified in the applicable Final Terms).

The Collateral Assets may suffer a fall in value between the time at which the relevant Security Agreement becomes enforceable and the time at which the Collateral Assets are realised in full or, where (a) in the event that the Secured Static/Floating Instruments Conditions apply to a Series of Secured Instruments, Physical Delivery of Static Collateral Assets on Enforcement is applicable, and (b) in the event that the Secured Fully Floating Instruments Conditions apply to a Series of Secured Instruments, Physical Delivery of Collateral Assets on Enforcement is applicable, the Collateral Assets are delivered. In extraordinary circumstances, the Collateral Assets forming part of the Collateral Pool available at the time at which a Security Agreement becomes enforceable could lose all or a substantial proportion of their value by the time of realisation and distribution or delivery, as applicable. Moreover, the security created in respect of the Secured Instruments may be unperfected for a variety of reasons, including the failure to make required filings and, as a result, Holders may not have priority over other creditors as anticipated.

If there is any shortfall in amounts due to a Holder of Secured Instruments in accordance with the Secured Instruments Conditions then such Holder of Secured Instruments shall have no further claim against MLBV, the Secured Instruments Collateral Provider or the Security Agent in respect of such amounts which remain unpaid following enforcement of each relevant Security Agreement (including, for the avoidance of doubt, payments of redemption amounts or settlement amounts or additional amounts in respect of the Secured Instruments). In such a scenario, as the Guarantees are not applicable to Secured Instruments, a Holder of the Secured Instruments will have no further claim against any entity in respect of any shortfall in amounts due to it.

If physical delivery of Collateral Assets applies on enforcement and a Physical Delivery of Collateral Assets Disruption Event occurs or exists, there may be a delay in delivery of the Collateral Assets or the Collateral Assets may be sold in lieu of delivery

If the Secured Static/Floating Instruments Conditions apply to a Series of Secured Instruments and Physical Delivery of Static Collateral Assets is specified to be applicable, upon enforcement of a Deed of Charge, the Security Agent will not sell, or cause to be sold, the Static Collateral Assets (unless there is a Physical Delivery of Collateral Assets Disruption Event or to the extent required in order to pay any amounts payable to Secured Parties ranking prior to the Holders in accordance with the Order of Priority specified in the applicable Final Terms that have not been met by the sale of MTM Collateral Assets) but will procure delivery of the Static Collateral Assets to each Holder of Secured Instruments in the manner set out in the Secured Static/Floating Instruments Conditions.

If the Secured Fully Floating Instruments Conditions apply to a Series of Secured Instruments and Physical Delivery of Collateral Assets is specified in respect of a Series of Secured Instruments, upon enforcement of a Security Agreement, the Security Agent will not sell, or cause to be sold, the Collateral Assets (unless there is a Physical Delivery of Collateral Assets Disruption Event or to the extent required in order to pay any amounts payable to Secured Parties ranking prior to the Holders of Secured Instruments in accordance with the Order of Priority specified in the applicable Final Terms) but will procure delivery of the Collateral Assets to each Holder of Secured Instruments in the manner set out in the Secured Fully Floating Instruments Conditions.

If, in the opinion of the Disposal Agent, delivery of all or some of the Static Collateral Assets or Collateral Assets, as applicable, forming part of the Entitlement is not practicable by reason of a Physical Delivery of Collateral Assets Disruption Event having occurred or continuing on any Collateral Delivery Date, then settlement will be postponed until the next Collateral Business Day on which there is no Physical Delivery of Collateral Assets Disruption Event. If delivery of any of the Static Collateral Assets or Collateral Assets, as applicable, forming part of the Entitlement is not possible due to the occurrence of a Physical Delivery of Collateral Assets Disruption Event for a period of greater than 20 Collateral Business Days, the Disposal Agent will sell or realise the undeliverable Static Collateral Assets or Collateral Assets, as applicable, in lieu of physical settlement. The amount received by a Holder of Secured Instruments following such sale of Static Collateral Assets or Collateral Assets, as applicable may be lower than the amount which a Holder of Secured Instruments would have received if the relevant Static Collateral Assets or Collateral Assets, as applicable, had been delivered to it and the Holder of Secured Instruments held the relevant Static Collateral Assets or Collateral Assets, as applicable, to the maturity date of such assets or sold such assets at a different point in time.

Risk of a delay in the realisation of the Collateral Assets in the event of the insolvency of the Security Agent or any Collateral Arrangement Party

The insolvency of MLBV will constitute a Secured Instrument Event of Default, which may trigger early redemption or settlement of any Secured Instruments issued by MLBV. In these circumstances, or in the event of the insolvency of the Security Agent or any Collateral Arrangement Party, the realisation of the Collateral Assets

may be delayed either by the appointment of an insolvency administrator or other insolvency official in relation to the relevant party or by measures ordered by a competent court.

In addition, in the case of an insolvency of a member of the Group, it is possible that MLBV, the Secured Instruments Collateral Provider and the Secured Instruments Agent that are members of the Group may also each be insolvent. Such circumstances may lead to a delay in the administrative processes involved in the realisation of the Collateral Assets. However, as the entities responsible for the enforcement of the Security Agreements and the realisation of the Collateral Assets, namely the Custodian, the Collateral Agent, the Security Agent and the Disposal Agent are not part of the Group, the impact of any insolvency of a member of the Group on such enforcement and realisation should be less material than it would have been if the Custodian, the Collateral Agent, the Security Agent and/or the Disposal Agent were part of the Group.

The initial Custodian, the initial Collateral Agent, and the initial Security Agent are affiliates of one another and it is possible that the Disposal Agent will also be an affiliate, and in the event of the insolvency of one such entity it is possible that another of those entities may also be insolvent. Such circumstances may lead to a delay in the realisation of the Collateral Assets. The Custodian Agreement, Triparty Account Control Agreement, and the Security Agency Agreement will contain provisions permitting the replacement of the Custodian, Collateral Agent, and Security Agent, as applicable, in certain circumstances, including following insolvency, as further provided in such agreements and the Secured Instrument.

If there is a delay in the realisation of the Collateral Assets due to the insolvency of any of these entities, such Collateral Assets could depreciate in value resulting in a shortfall in the amounts returned to Holders of Secured Instruments.

Potential Conflicts of Interest between Holders of Secured Instruments, the Secured Instruments Collateral Provider and the Secured Instruments Valuation Agent

As the Secured Instruments Collateral Provider and the Secured Instruments Valuation Agent are the same legal entity and are affiliates of MLBV, potential conflicts of interest may arise between the Secured Instruments Collateral Provider, the Secured Instruments Valuation Agent and the Holders of Secured Instruments, including with respect to the making of certain determinations and the exercise of certain discretions (including as to the calculation of and determinations relating to (a) the Marked-to-Market Derivative Hedge Value, (b) in respect of Secured Instruments to which the Secured Static/Floating Instruments Conditions apply: (i) the MTM Collateral Specified Percentage of the Required MTM Collateral Value; (ii) the Static Collateral Specified Percentage of the Required Static Collateral Nominal Amount; and (iii) (if applicable) a Collateral Trigger Event or a MTM Trigger Event, and (c) in respect of Secured Instruments to which the Secured Fully Floating Instruments Conditions apply: (i) the Secured Instrument Market Value; and (ii) the Required Collateral Value). In addition, whilst the Secured Instruments Collateral Provider and the Secured Instruments Valuation Agent are obliged to carry out their duties and functions in good faith and in a commercially reasonable manner, neither the Secured Instruments Collateral Provider nor the Secured Instruments Valuation Agent acts or will act as a fiduciary or as an advisor to the Holder of Secured Instruments in respect of their duties as Secured Instruments Collateral Provider and Secured Instruments Valuation Agent, respectively.

A failure by the Security Agent or the Disposal Agent to perform its obligations following an Acceleration Event may adversely affect the amount the Holders of the Secured Instruments may recover

Following a Secured Instrument Event of Default and subsequent Acceleration Event, the Security Agent will (acting in accordance with an Acceleration Instruction) enforce the security under each relevant Security Agreement upon the delivery of a Collateral Enforcement Notice and will give instructions to the Disposal Agent to: (a) liquidate and realise the Collateral Assets in the Collateral Pool which secures a Series of Secured Instruments and subsequently distribute the relevant Collateral Enforcement Proceeds Share to the relevant Holders of Secured Instruments or (b) where, in respect of Secured Instruments to which the Secured Static/Floating Instruments Conditions apply, Physical Delivery of Static Collateral Assets is specified as applicable in the applicable Final Terms or where, in respect of Secured Instruments to which the Secured Fully Floating Instruments Conditions apply, Physical Delivery of Collateral Assets is specified as applicable in the applicable Final Terms, arrange for delivery of the relevant Entitlement to the relevant Holder of Secured Instruments, in each case in accordance with the Order of Priority.

A failure by the Security Agent or the Disposal Agent to perform its obligations with respect to the Collateral Assets or to perform its obligations in a timely or efficient manner may adversely affect the realisation of the Collateral Assets and the amount distributable or deliverable to Holders of Secured Instruments. Accordingly, in

the event of a Secured Instrument Event of Default and subsequent Acceleration Event, the amount that Holders of the Secured Instruments recover may be adversely affected.

The Security Agent may be entitled not to act following an Acceleration Event if it believes that it will be unable to recover certain amounts or is not indemnified and/or secured or pre-funded by the Holders

Following a Secured Instrument Event of Default and subsequent Acceleration Event (as notified to the Security Agent upon receipt of an Acceleration Instruction), the Security Agent shall be under no obligation to take any action to liquidate or realise any Collateral Assets, if (a) in the event that it is directed by the requisite percentage of Holders of the Secured Instruments to effect such liquidation or realisation in accordance with the exact provisions of an Acceleration Instruction (the form of which is scheduled to the English Law Agency Agreement) it reasonably believes that it would not be able to recover Security Agent Amounts (being amounts incurred by it in respect of exceptional duties) or would experience an unreasonable delay in doing so; or (b) in the event that it is directed by a Secured Party to effect such liquidation or realisation other than in accordance with the exact provisions of an Acceleration Instruction (the form of which is scheduled to the English Law Agency Agreement) it has not been indemnified and/or secured and/or prefunded to its satisfaction by the Holders of the Secured Instruments.

In any such event, the Security Agent may decide not to take any action and such inaction will not constitute a breach by it of its obligations under the Security Agency Agreement, the Security Agreements or the Secured Instruments Conditions. Consequently, if applicable, the Holders of the Secured Instruments would have to either arrange for such indemnity and/or security and/or pre-funding, accept the consequences of such inaction by the Security Agent or appoint a replacement Security Agent. Holders of at least 33 per cent., in respect of Secured Notes, in aggregate principal amount or, in respect of Secured W&C Instruments, in aggregate Notional Amount or by number (as applicable), of Non-Waived Instruments outstanding may remove the Security Agent and appoint a replacement Security Agent. Holders of the Secured Instruments should be prepared to bear the costs associated with any such indemnity and/or security and/or pre-funding and/or the consequences of any such inaction by the Security Agent and/or the replacement of the Security Agent. Such inaction by the Security Agent will not entitle Holders of the Secured Instruments to take action in the United Kingdom directly against the Secured Instruments Collateral Provider to pursue remedies for any breach by the Secured Instruments Collateral Provider of the Security Agreements, the Secured Instruments Conditions or Charged Documents. Any consequential delay in the liquidation or realisation of the Collateral Assets may adversely affect the amount distributable or deliverable to Holders of Secured Instruments.

ANNEX B

**PART A – AMENDED AND RESTATED "DESCRIPTION OF THE COLLATERAL
ARRANGEMENTS RELATING TO SECURED INSTRUMENTS"**

This section indicates the amended and restated text which will be inserted in the Original Offering Circular such that all red text will be inserted into, and all struck-out text will be deleted from the Original Offering Circular

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DESCRIPTION OF THE COLLATERAL ARRANGEMENTS RELATING TO SECURED INSTRUMENTS

The following is a description of the security and collateral arrangements in relation to Instruments (such Instruments being hereinafter referred to as Secured Instruments) to which the Secured Instruments Conditions are specified as being applicable in the applicable Final Terms.

Terms used but not otherwise defined in this description shall have the meaning given to them in the relevant Secured Instruments Conditions.

1. General

MLBV may issue Secured Notes and Secured W&C Instruments. References herein to "**Issuer**" shall be to MLBV.

Each Series of Secured Instruments will be issued by the Issuer and will be secured by a ~~segregated~~ pool of collateral assets ~~(, segregated in the "**Collateral Assets**")~~ books and records of the Custodian, provided by Merrill Lynch International in its capacity as Secured Instruments Collateral Provider (the "**Secured Instruments Collateral Provider**"). The Secured Instruments Collateral Provider has entered into a custody agreement with The Bank of New York Mellon, London Branch (in such capacity, the "**Custodian**"), which provides for the establishment of cash accounts and securities accounts in the name of the Secured Instruments Collateral Provider. For each Series of Secured Instruments, the Secured Instruments Collateral Provider shall instruct The Bank of New York Mellon, London Branch (in such capacity, the "**Collateral Agent**") to open segregated collateral accounts (each, a "**Segregated Collateral Account**") in accordance with the provisions of a triparty account control agreement to be entered into between the Secured Instruments Collateral Provider, the Collateral Agent and the Security Agent (as defined below) (each, a "**Triparty Account Control Agreement**"). ~~Each Series of Secured Instruments will benefit from a deed of charge (each a "**Deed of Charge**"), which will be governed by and under the jurisdiction of English law, granted by the Secured Instruments Collateral Provider. Under each Deed of Charge, the Secured Instruments Collateral Provider will grant first ranking security over the Collateral Assets contained in the Collateral Account for the relevant Series of Secured Instruments.~~ Secured Instruments may be issued under the (a) Additional Terms and Conditions for Secured Static/Floating Instruments set out in Annex 13 to the Offering Circular ("**Secured Static/Floating Instruments Conditions**"), pursuant to which the ~~Segregated~~ Collateral Assets will be separated into MTM Collateral Assets and Static Collateral Assets and (b) Additional Terms and Conditions for Secured Fully Floating Instruments set out in Annex 14 to the Offering Circular ("**Secured Fully Floating Instruments Conditions**" and, together with the Secured Static/Floating Instruments Conditions, the "**Secured Instruments Conditions**"). ~~Each Series of Secured Instruments issued under the Secured Static/Floating Instruments Conditions will benefit from a deed of charge (each a "**Bilateral Deed of Charge**"), which will be governed by English law, granted by the Secured Instruments Collateral Provider. Each Series of Secured Instruments issued under the Secured Fully Floating Instruments Conditions will benefit from either a Bilateral Deed of Charge or a triparty deed of charge (each a "**Triparty Deed of Charge**" and together with each Bilateral Deed of Charge, each a "**Deed of Charge**"), which will be governed by English law, granted by the Secured Instruments Collateral Provider. Under each Deed of Charge, the Secured Instruments Collateral Provider will grant first ranking security over the securities contained in the Segregated Collateral Account for the relevant Series of Secured Instruments (the "**Segregated Collateral Assets**").~~

Each Series of Secured Instruments issued under the Secured Fully Floating Instrument Conditions for which a Triparty Deed of Charge is executed will also benefit from a security agreement which will be governed by the laws of the Republic of Korea (each a "**Korean Law Security Agreement**" and together with the Triparty Deed of Charge for the relevant Series of Secured Instruments, the "**Security Agreement(s)**") granted by the Secured Instruments Collateral Provider.

For each Series of Secured Instruments issued under the Secured Fully Floating Instrument Conditions for which a Bilateral Deed of Charge is executed and for each Series of Secured Instruments issued under the Secured Static / Floating Instrument Conditions, "**Security Agreement**" shall mean only the Bilateral Deed of Charge for such Series of Secured Instruments.

Under each Korean Law Security Agreement, the Secured Instruments Collateral Provider will grant a first priority continuing security interest (*Kun Jil Kwon*) in favour of the Security Agent over Korean law

governed securities ("**Korean Securities**") held by it in a local securities account through the Korean sub-custodian designated by the Custodian (the "**Korean Securities Account**"). For the avoidance of doubt, the Secured Instruments Collateral Provider will not grant security over the Korean Securities Account (as distinct from any securities credited to such account) or over any securities in the Korean Securities Account other than the Korean Pledged Securities for any Series of Secured Instruments.

The Korean Securities Account is an account of the Secured Instruments Collateral Provider which is opened. All Korean Securities held by the Secured Instruments Collateral Provider, whether used as collateral for a trade or not are held within the Korean Securities Account. Therefore, any Korean Securities over which the Secured Instruments Collateral Provider grants security in relation to a series of Secured Instruments will be commingled with un-encumbered Korean Securities held by the Secured Instruments Collateral Provider for its own account and any Korean Securities subject to a first priority continuing security interest (*Kun Jil Kwon*) in connection with other series of Secured Instruments or other secured borrowing of the Secured Instruments Collateral Provider or any of its affiliates. In addition to the identification of the Korean Pledged Securities in the books and records of the Security Agent for each Series of Secured Instruments, the pledge when recorded against the specific Korean Pledged Securities will record the specific Series of MLBV Notes for which the security has been granted.

For each Series of Secured Instruments for which a Triparty Deed of Charge has been executed, the Korean Securities which are held in the Korean Securities Account and are registered as pledged in respect of such Series of Secured Instruments (the "**Korean Pledged Securities**") and the Segregated Collateral Assets held in the Segregated Collateral Accounts shall be the "**Collateral Assets**" and such accounts shall be the "**Collateral Accounts**".

For each Series of Secured Instruments for which a Bilateral Deed of Charge has been executed, the Segregated Collateral Assets held in the Segregated Collateral Accounts shall be the "**Collateral Assets**" and such accounts shall be the "**Collateral Accounts**".

1. **Appointment of a Security Agent**

In relation to each Series of Secured Instruments, The Bank of New York Mellon has been appointed as security agent (the "**Security Agent**") and has undertaken to carry out the duties of Security Agent in respect of such Secured Instruments under a New York law governed security agency agreement entered into between, *inter alia*, the Issuers, the Secured Instruments Collateral Provider and the Security Agent (the "**Security Agency Agreement**").

In relation to each Series of Secured Instruments, the security granted under each ~~Deed of Charge~~relevant Security Agreement (except the Korean Law Security Agreement) will be granted in favour of the Security Agent or any successor thereto on behalf of itself and the relevant Holders of the Secured Instruments and the other relevant Secured Parties (as defined in the relevant Secured Instruments Conditions) under the Security Agency Agreement. The security granted under the Korean Law Security Agreement will be granted in favour of the Security Agent or any successor thereto only.

In performing its role under the Programme, the Security Agent does not act as an advisor to or fiduciary or trustee for the Holders of the Secured Instruments (either as a Series or individually) or any other party and nothing in any of the documents relating to the Programme shall be interpreted to constitute the Security Agent as a trustee or fiduciary of the Issuer, the Secured Instruments Collateral Provider, the Holders of the Secured Instruments or any other party.

2. **Nature of Collateral Assets**

The Collateral Assets held in ~~at the~~ Collateral ~~Account~~Accounts and secured pursuant to ~~a Deed of Charge~~the relevant Security Agreements are together referred to as the "**Collateral Pool**".

(a) **Secured Static/Floating Instruments Conditions**

In respect of Secured Instruments to which the Secured Static/Floating Instruments Conditions apply, a Collateral Pool shall be made up of (i) Static Collateral Assets and (ii) MTM Collateral Assets.

The Static Collateral Assets shall comprise of (x) a single debt security (an "**Eligible Debt Security**") or a basket of Eligible Debt Securities (a "**Basket of Eligible Debt Securities**") issued

by the relevant entity or entities and having the ISIN(s) specified in the applicable Final Terms and (y) debt securities that satisfy all of the Eligibility Criteria (as defined below) applicable to a certain class or type of Eligible MTM Collateral Assets (as defined below) as specified in the applicable Final Terms. Such Static Collateral Assets are referred to as "**Eligible Static Collateral Assets**". The MTM Collateral Assets may comprise of any of the following:

- cash;
- debt securities (including, but not limited to, government bonds, corporate bonds, covered bonds and asset backed securities);
- equity securities, shares, units or interests in a fund; and/or
- any other negotiable financial instruments in book entry-form.

The MTM Collateral Assets must satisfy the eligibility criteria (the "**Eligibility Criteria**") specified in the applicable Final Terms relating to such Series of Secured Instruments. MTM Collateral Assets satisfying the relevant Eligibility Criteria are referred to as "**Eligible MTM Collateral Assets**".

The Eligibility Criteria specified in the applicable Final Terms will set out the criteria which must be met for MTM Collateral Assets to constitute Eligible MTM Collateral Assets and may include limitations on the type of MTM Collateral Assets that may be held, the maturity of the MTM Collateral Assets, the liquidity of the MTM Collateral Assets, requirements regarding the jurisdiction of the issuer of the MTM Collateral Assets or its guarantor or the credit rating of the obligor of the MTM Collateral Assets and/or any other limitations, restrictions and/or requirements concerning the MTM Collateral Assets as may be specified in the applicable Final Terms.

Notwithstanding the Eligibility Criteria specified to be applicable in the applicable Final Terms in respect of a Series of Secured Instruments, the Collateral Agent shall be obliged to refer only to the terms of the relevant Triparty Account Control Agreement in determining whether the MTM Collateral Assets comply with the eligibility criteria set out in the relevant Triparty Account Control Agreement.

(b) **Secured Fully Floating Instruments Conditions**

In respect of Secured Instruments to which the Secured Fully Floating Instruments Conditions apply, a Collateral Pool shall be made up of Collateral Assets comprising of any of the following:

- cash;
- debt securities (including, but not limited to, government bonds, corporate bonds, covered bonds and asset backed securities);
- equity securities, shares, units or interests in a fund; and/or
- any other negotiable financial instruments in book entry-form.

The Collateral Assets must satisfy the eligibility criteria (the "**Eligibility Criteria**") specified in the applicable Final Terms relating to such Series of Secured Instruments. Collateral Assets satisfying the relevant Eligibility Criteria are referred to as "**Eligible Collateral Assets**".

The Eligibility Criteria specified in the applicable Final Terms will set out the criteria which must be met for Collateral Assets to constitute Eligible Collateral Assets and may include limitations on the type of Collateral Assets that may be held, the maturity of the Collateral Assets, the liquidity of the Collateral Assets, requirements regarding the jurisdiction of the issuer of the Collateral Assets or its guarantor or the credit rating of the obligor of the Collateral Assets and/or any other limitations, restrictions and/or requirements concerning the Collateral Assets as may be specified in the applicable Final Terms.

Notwithstanding the Eligibility Criteria specified to be applicable in the applicable Final Terms in respect of a Series of Secured Instruments, the Collateral Agent shall be obliged to refer only to the terms of the relevant Triparty Account Control Agreement in determining whether the Collateral Assets comply with the eligibility criteria set out in the relevant Triparty Account Control Agreement.

3. ~~Segregation between Collateral Pools,~~ **Limited Recourse and Non-Petition**

By acquiring and holding Secured Instruments, Holders of the Secured Instruments will be deemed to acknowledge and agree that the obligations of the Issuer to the Holders of the Secured Instruments are limited in recourse to the Collateral Assets contained in the relevant Collateral Pool securing such Series of Secured Instruments. In particular, the Collateral Assets contained in any other Collateral Pool will not be available to pay amounts due in respect of any Secured Instruments which are not secured by that Collateral Pool. The Secured Instruments are not guaranteed by the Guarantor or any other entity and therefore Holders of the Secured Instruments will have no claim against the Guarantor or any other entity in respect of any such amounts owing to them which remain unpaid.

4. **Valuation of Collateral**

In order to ensure that a Series of Secured Instruments is collateralised in accordance with its terms, on each Issue Date and relevant Collateral Business Day (each such test date being a "**Collateral Test Date**"), the actual value of the Collateral Assets will be tested against the required value of the Collateral Assets to be held in the Collateral Accounts to secure the relevant Series of Secured Instruments, as determined in accordance with the provisions of the applicable Secured Instruments Conditions. Merrill Lynch International shall undertake the duties of Secured Instruments valuation agent (the "**Secured Instruments Valuation Agent**") under the terms of a valuation agency agreement (the "**Valuation Agent Agreement**"), pursuant to which it will determine values relating to the collateral and provide them to the Collateral Agent as described below:

(a) **Secured Static/Floating Instruments Conditions**

On the Collateral Business Day immediately preceding the Collateral Test Date, the Secured Instruments Valuation Agent will determine and will send to the Collateral Agent a Collateral Test Notice notifying it of the following: (a) in respect of the Static Collateral Assets, the Static Collateral Specified Percentage of the Required Static Collateral Nominal Amount; and (b) in respect of the MTM Collateral Assets, the MTM Collateral Specified Percentage of the Required MTM Collateral Value. On each Collateral Test Date, the Collateral Agent shall: (a) in respect of the Static Collateral Assets, determine the Pool Aggregate Collateral Nominal Amount and verify if such amount is greater than or equal to the Static Collateral Specified Percentage of the Required Static Collateral Nominal Amount (the "**Static Collateral Test**"); and (b) in respect of the MTM Collateral Assets, determine the Collateral Value of the MTM Collateral Assets in the Collateral Account and verify if such value is greater than or equal to the MTM Collateral Specified Percentage of the Required MTM Collateral Value (the "**MTM Collateral Test**").

(i) **Static Collateral Assets**

(A) *Pool Aggregate Collateral Nominal Amount*

The Pool Aggregate Collateral Nominal Amount in respect of a Collateral Pool on a relevant date, is an amount, expressed in the currency specified in the applicable Final Terms (the "**Collateral Valuation Currency**"), equal to the aggregate nominal amount of the Static Collateral Assets held in the Collateral Account on the relevant date, as determined by the Collateral Agent.

(B) *Static Collateral Specified Percentage of the Required Static Collateral Nominal Amount*

The Static Collateral Specified Percentage of the Required Static Collateral Nominal Amount is the percentage, as specified in the applicable Final Terms, of, in respect of a Collateral Pool which secures a Series of Secured Instruments and any relevant date, (a) in respect of Secured Instruments that are Secured Notes, the total aggregate principal amount of the Non-Waived Instruments of such Series of

Secured Instruments; and (b) in respect of Secured Instruments, that are Secured W&C Instruments, the sum of the Notional Amount of each Non-Waived Instrument of such Series of Secured Instruments, each as determined by the Secured Instruments Valuation Agent.

(ii) ***MTM Collateral Assets***

(A) ***Collateral Value***

The Collateral Value is, in respect of a Collateral Pool and a Collateral Test Date, an amount, expressed in the Collateral Valuation Currency, equal to the sum of the Margin Value of each Eligible MTM Collateral Asset in such Collateral Pool on such Collateral Test Date, as determined by the Collateral Agent.

(B) ***MTM Collateral Specified Percentage of the Required MTM Collateral Value***

The MTM Collateral Specified Percentage of the Required MTM Collateral Value is the percentage, as specified in the applicable Final Terms, of, in respect of a Collateral Pool and a Collateral Test Date, the greater of zero and the sum of each portion of the Marked-to-Market Derivative Hedge Value at the relevant time that relates to a Non-Waived Instrument of the relevant Series of Secured Instruments which are secured by such Collateral Pool, as determined by the Secured Instruments Valuation Agent.

(b) **Secured Fully Floating Instruments Conditions**

On the Secured Instrument Valuation Date for each Collateral Test Date, the Secured Instruments Valuation Agent will determine the Required Collateral Value and will send the Collateral Agent a Collateral Test Notice notifying it of such Required Collateral Value. On each Collateral Test Date, the Collateral Agent shall calculate the Collateral Value and verify if such value is greater than or equal to the Required Collateral Value (the "**Collateral Test**").

(i) ***Collateral Value***

Except if "Collateral Valuation at Nominal Value" is specified as applicable in the applicable Final Terms, the Collateral Value is an amount equal to the sum of the quotient of (a) the Market Value of each Eligible Collateral Asset, divided by (b) the Margin Percentage applicable to each Eligible Collateral Asset, as determined by the Collateral Agent.

If "Collateral Valuation at Nominal Value" is specified as applicable in the applicable Final Terms, the Collateral Value shall be deemed to be equal to the total aggregate nominal value of the ~~Collateral Assets constituting~~ Eligible Collateral Assets, as determined by the Collateral Agent.

The Collateral Agent shall calculate the Collateral Value as of the relevant Collateral Valuation Time (as described below) in the Collateral Valuation Currency. Where the currency of denomination of a Collateral Asset is other than the Collateral Valuation Currency, the Secured Instruments Valuation Agent shall convert the value of such Collateral Asset (or other relevant values) at the relevant spot exchange rate or spot rates in accordance with such method and as at such time as the Secured Instruments Valuation Agent may select in its discretion, having regard to the then-current rates of exchange, and shall notify the Collateral Agent of such converted values.

(ii) ***Required Collateral Value***

The Required Collateral Value will be calculated by the Secured Instruments Valuation Agent on the Issue Date and on each Secured Instrument Valuation Date, as follows:

(A) where "MV Collateralisation" is specified as being the Type of Collateralisation applicable in the applicable Final Terms relating to a Series of Secured Instruments, the Required Collateral Value shall be equal to the product of (a) the

Collateralisation Percentage, (b) the Secured Instrument Market Value and (c) the Relevant Number of Non-Waived Instruments of such Series;

- (B) where "NV Collateralisation" is specified as being the Type of Collateralisation applicable in the applicable Final Terms relating to a Series of Secured Instruments, the Required Collateral Value shall be equal to the product of (a) the Collateralisation Percentage and (b) the total aggregate principal amount or nominal value, as applicable, of the Non-Waived Instruments of such Series;
- (C) where "Min (MV, NV) Collateralisation" is specified as being the Type of Collateralisation applicable in the applicable Final Terms relating to a Series of Secured Instruments, the Required Collateral Value shall be equal to the lower of (a) the product of (1) the Collateralisation Percentage, (2) the Secured Instrument Market Value and (3) the Relevant Number of Non-Waived Instruments and (b) the product of (1) the Collateralisation Percentage and (2) the total aggregate principal amount or nominal value, as applicable, of the Non-Waived Instruments of such Series; or
- (D) where "Max (MV, NV) Collateralisation" is specified as being the Type of Collateralisation applicable in the applicable Final Terms relating to a Series of Secured Instruments, the Required Collateral Value shall be equal to the greater of (a) the product of (1) the Collateralisation Percentage, (2) the Secured Instrument Market Value and (3) the Relevant Number of Non-Waived Instruments and (b) the product of (1) the Collateralisation Percentage and (2) the total aggregate principal amount or nominal value, as applicable, of the Non-Waived Instruments of such Series.

"Relevant Number" means:

- (a) in respect of Secured Instruments that are Secured Notes, the aggregate principal amount outstanding of Non-Waived Instruments of a Series of Secured Instruments divided by the specified denomination of each Non-Waived Instrument of such Series of Secured Instruments; and
- (b) in respect of Secured Instruments that are Secured W&C Instruments, the number of Non-Waived Instruments of such Series of Secured Instruments.

The Collateralisation Percentage relating to a Series of Secured Instruments will be specified in the applicable Final Terms and may specify a different Collateralisation Percentage in respect of different Collateral Test Dates.

5. **Adjustments to Collateral Pool and Collateral Agent Notice**

(a) **Secured Static/Floating Instruments Conditions**

If on the relevant Collateral Test Date the Collateral Agent determines that the Collateral Test is not satisfied, the Collateral Agent will promptly send to the Secured Instruments Collateral Provider a Collateral Agent Notice. On the date such Collateral Agent Notice is given, the Secured Instruments Collateral Provider will instruct the Collateral Agent to transfer sufficient additional Eligible MTM Collateral Assets or Eligible Static Collateral Assets (as applicable) into the relevant Collateral Account to satisfy the Collateral Test.

The Secured Instruments Collateral Provider will ensure that sufficient Eligible MTM Collateral Assets and Eligible Static Collateral Assets are Delivered into the relevant Collateral Account on or before each Collateral Test Date to satisfy the Collateral Test in respect of such Collateral Test Date for the relevant Series of Secured Instruments.

(b) **Secured Fully Floating Instruments Conditions**

If on the relevant Collateral Test Date the Collateral Agent determines that the Collateral Test is not satisfied, the Collateral Agent will promptly send the Secured Instruments Collateral Provider a Collateral Agent Notice. On the date such Collateral Agent Notice is given, the Secured

Instruments Collateral Provider will instruct the Collateral Agent to transfer sufficient additional Eligible Collateral Assets into the relevant Collateral Account ~~to satisfy the Collateral Test.~~ (or, in the case of Eligible Collateral Assets held in the Korean Securities Account, to instruct the Collateral Agent to register the pledge in respect of such Eligible Collateral Assets) to satisfy the Collateral Test.

The Secured Instruments Collateral Provider ~~will~~ shall ensure that instructions are provided to the Collateral Agent so as to ensure that sufficient Eligible Collateral Assets are Delivered into the relevant Collateral Account (or, in the case of Eligible Collateral Assets held in the Korean Securities Account, the pledge is registered in respect of such Eligible Collateral Assets) on or before each Collateral Test Date to satisfy the Collateral Test in respect of such Collateral Test Date for the relevant Series of Secured Instruments.

For the avoidance of doubt, in relation to Korean Pledged Securities and for the purposes of the Security Agreements and the Triparty Account Control Agreement, "transfers" of the relevant Collateral Assets to the Collateral Accounts may be given effect when held through accounts maintained with certain Clearing Systems as an earmarking of such Collateral Assets as pledged or as a transfer to an account maintained for or on behalf of the Security Agent and such Korean Securities shall be deemed, for the purposes of such agreements, to have been credited to the Collateral Account(s) accordingly.

6. **Waived Instruments**

In respect of all Secured Instruments held by the Issuer or its Affiliates, including but not limited to, in its capacity as market maker, the Issuer or its Affiliates will be deemed to have waived their rights (a) to receive the proceeds of realisation of the Collateral Assets securing such Series of Secured Instruments (and where "Physical Delivery of Static Collateral Assets" is specified as applicable in the applicable Final Terms, delivery of the Static Collateral Assets) following the enforcement of the relevant ~~Deed of Charge~~ Security Agreement and Charged Documents or the redemption or cancellation, as applicable, of such Series of Secured Instruments following the occurrence of a Collateral Asset Default and (b) to give an Acceleration Notice on the occurrence of a Secured Instrument Event of Default ("**Waived Instruments**").

As a consequence, when making various calculations under the Secured Instruments Conditions, including the Required MTM Collateral Value and the Required Static Collateral Nominal Amount (under the Secured Static/Floating Instruments Conditions) and the Required Collateral Value (under the Secured Fully Floating Instruments Conditions), the Secured Instruments Valuation Agent shall only take into account the value of the Secured Instruments that are not subject to such waiver (any such Secured Instruments being "**Non-Waived Instruments**").

7. **Collateral Substitution**

(a) **Secured Static/Floating Instruments Conditions**

The Secured Instruments Collateral Provider may, subject to the terms of the relevant Triparty Account Control Agreement, withdraw and/or replace MTM Collateral Assets from the relevant Collateral Account provided that following such adjustment the Collateral Test continues to be satisfied. The Secured Instruments Collateral Provider will send or cause to be sent a notice to the Collateral Agent specifying the adjustments to be made to the Collateral Pool (including *inter alia* the type and quantity of any MTM Collateral Assets to be deposited and/or removed).

The Issuer and the Secured Instruments Collateral Provider shall not be entitled to withdraw and/or replace Static Collateral Assets from the relevant Collateral Account, on any day provided that the Secured Instruments Collateral Provider may on any Collateral Test Date withdraw from the relevant Collateral Account an aggregate nominal amount of Static Collateral Assets equal to the sum of the Notional Amount of each Non-Waived Instrument that is converted into a Waived Instrument if, following such withdrawal, (a) the Collateral Test continues to be satisfied, and (b) if the Eligible Static Collateral Assets specified in the applicable Final Terms are a Basket of Eligible Debt Securities, the aggregate nominal amount of each Eligible Debt Security is equal to the percentage weighting for each such Eligible Debt Security within the Basket of Eligible Debt Securities as specified in the applicable Final Terms.

(b) **Secured Fully Floating Instruments Conditions**

The Secured Instruments Collateral Provider may, subject to the terms of the relevant Triparty Account Control Agreement, withdraw and/or replace Collateral Assets from the relevant Collateral ~~Account~~Accounts (or, in the case of Korean Pledged Securities, release the pledge in respect of such Korean Pledged Securities) provided that following such adjustment the Collateral Test continues to be satisfied. The Secured Instruments Collateral Provider will send or cause to be sent a notice to the Collateral Agent specifying the adjustments to be made to the Collateral Pool (including *inter alia* the type and quantity of any Eligible Collateral Assets to be deposited/registered and/or Collateral Assets to be removed/released).

8. **Early redemption or settlement following the occurrence of a Collateral Disruption Event**

(a) **Secured Static/Floating Instruments Conditions**

If the Secured Instruments Valuation Agent determines that a Collateral Disruption Event has occurred or is continuing, the Issuer may in good faith and in a commercially reasonable manner redeem or cancel all of the relevant Secured Instruments at their Early Redemption/Settlement Amount (CDE) or, if "Physical Delivery of Static Collateral Assets" is specified to be applicable in the applicable Final Terms, deliver Static Collateral Assets that make up the Entitlement (CDE) in accordance with the Secured Instruments Conditions. The Early Redemption/Settlement Amount (CDE) will be calculated on the basis of (i) if "Physical Delivery of Static Collateral Assets" is specified not to be applicable in the applicable Final Terms, the market value of the Derivative Hedge entered into by the Issuer and/or its Affiliates to hedge the Issuer's payment obligations plus the proceeds of the liquidation and realisation of the Static Collateral, less any of the hedge unwind costs of the Issuer and/or its Affiliates and costs of realising the Collateral Assets or (ii) if the applicable Final Terms specify "Physical Delivery of Static Collateral Assets" to be applicable, the market value of the Derivative Hedge entered into by the Issuer and/or its Affiliates to hedge the Issuer's payment obligations less any hedge unwind costs of the Issuer and/or its Affiliates and costs of realising the Collateral Assets.

Collateral Disruption Events are defined in the Secured Instruments Conditions and include, but are not limited to: (i) a Collateral Asset Default occurs or is continuing, as determined by the Secured Instruments Valuation Agent; or (ii) the Secured Instruments Collateral Provider being (A) unable, after using commercially reasonable efforts, to acquire the necessary Collateral Assets or (B) subject to materially increased costs in acquiring Collateral Assets; or (iii) the Issuer being unable, after using commercially reasonable efforts, to find a suitable substitute or replacement Collateral Arrangement Party (as defined below) following the termination of the relevant agreements or resignation or removal, for any reason, of any Collateral Arrangement Party.

(b) **Secured Fully Floating Instruments Conditions**

If the Secured Instruments Valuation Agent determines that a Collateral Disruption Event has occurred or is continuing, the Issuer may in good faith and in a commercially reasonable manner redeem or cancel all of the relevant Secured Instruments at the Early Redemption/Settlement Amount following the occurrence of a Collateral Disruption Event. The Early Redemption/Settlement Amount will be calculated on the basis of the fair market value of such Secured Instrument less any hedge unwind costs of the Issuer and/or its Affiliates.

Collateral Disruption Events are defined in the Secured Instruments Conditions and include, but are not limited to: (i) the Secured Instruments Collateral Provider being (A) unable, after using commercially reasonable efforts, to acquire the necessary Collateral Assets or (B) subject to materially increased costs in acquiring Collateral Assets; or (ii) the Issuer being unable, after using commercially reasonable efforts, to find a suitable substitute or replacement Collateral Arrangement Party (as defined below) following the termination of the relevant agreements or resignation or removal, for any reason, of any Collateral Arrangement Party.

For the avoidance of doubt, the occurrence of a Collateral Disruption Event will not constitute a Secured Instrument Event of Default.

9. **Early redemption or settlement following the occurrence of a Collateral Trigger Event under the Secured Static/Floating Instruments Conditions**

If a "Collateral Trigger Event" is specified to be applicable in the applicable Final Terms and the Secured Instruments Valuation Agent determines that a Collateral Trigger Event has occurred or is continuing, the Issuer shall redeem or cancel all of the relevant Secured Instruments at their Early Redemption/Settlement Amount (CTE) and, if "Physical Delivery of Static Collateral Assets" is specified to be applicable in the applicable Final Terms, deliver Static Collateral Assets that make up the Entitlement (CTE) (including payment of any Fractional Cash Amount (CTE)) in accordance with the Secured Instruments Conditions. The Early Redemption/Settlement Amount (CTE) will be calculated on the basis of (i) if "Physical Delivery of Static Collateral Assets" is specified not to be applicable in the applicable Final Terms, the intra-day market value of the Derivative Hedge entered into by the Issuer and/or its Affiliates to hedge the Issuer's payment obligations plus the proceeds of the liquidation and realisation of the Static Collateral, less any of the hedge unwind costs of the Issuer and/or its Affiliates and costs of realising the Collateral Assets or (ii) if the applicable Final Terms specify "Physical Delivery of Static Collateral Assets" to be applicable, the intra-day market value of the Derivative Hedge entered into by the Issuer and/or its Affiliates to hedge the Issuer's payment obligations less any hedge unwind costs of the Issuer and/or its Affiliates and costs of realising the Collateral Assets.

A Collateral Trigger Event shall have occurred if the Secured Instruments Valuation Agent determines that, at any time on a day during the relevant observation period, the value of a Secured Instrument of the relevant series is (a) if "less than the Collateral Trigger Level" is specified in the applicable Final Terms, less than the Collateral Trigger Level or (b) if "less than or equal to the Collateral Trigger Level" is specified in the applicable Final Terms, less than or equal to the Collateral Trigger Level. The Collateral Trigger Level will be specified in the applicable Final Terms. The value of the relevant Secured Instruments will be determined by the Secured Instruments Valuation Agent as an amount equal to the sum of (x) the intra-day market value of the portion of the Derivative Hedge that relates to such Secured Instruments and (y) the intra-day market value of the relevant Static Collateral Assets that relate to such Secured Instruments.

The intra-day market value of the Derivative Hedge and of the Static Collateral Assets shall be determined by the Secured Instruments Valuation Agent by reference to such factors as it considers to be appropriate in its discretion, including without limitation:

- (a) in respect of the Derivative Hedge, the present value of the future payment obligations of the Issuer under the relevant Secured Instruments minus the present value of the future cash flows of the Static Collateral Assets that secure such Secured Instruments, and taking into account:
 - (i) spot and forward market prices or values for the underlying asset(s) of the Derivative Hedge and other relevant economic variables (such as interest rates and exchange rates);
 - (ii) the correlation between the market prices or value of the underlying asset(s) of the Derivative Hedge and other relevant economic variables;
 - (iii) historic and implied volatility of the market prices or value of the underlying asset(s) of the Derivative Hedge;
 - (iv) the remaining time until expiry of the Derivative Hedge;
 - (v) internal pricing models;
 - (vi) prices at which other market participants might bid for similar Derivative Hedge; and
 - (vii) the valuation using relevant economic variables of the cash flows and/or coupon payments of the Static Collateral Assets that secure such Secured Instruments;
- (b) in respect of the relevant Static Collateral Assets:
 - (i) bid prices (if available) for a nominal amount of such Static Collateral Assets equal to the minimum nominal amount that may be quoted for bids on the screen page specified in the applicable Final Terms; and

- (ii) internal pricing models.

10. **Early redemption or settlement following the occurrence of a MTM Trigger Event under the Secured Fully Floating Instruments Conditions**

If a "MTM Trigger Event" is specified to be applicable in the applicable Final Terms and the Secured Instruments Valuation Agent determines that a MTM Trigger Event has occurred or is continuing, the Issuer shall redeem or cancel all of the relevant Secured Instruments at their Early Redemption/Settlement Amount in accordance with the Secured Instruments Conditions.

A MTM Trigger Event shall have occurred if the Secured Instruments Valuation Agent determines that, at any time between 5.00 a.m. Sydney time to 5.00 p.m. New York City time (or such other times specified in the applicable Final Terms) on a business day during the relevant observation period, the market value of a Secured Instrument of the relevant series is (a) if "less than the MTM Trigger Level" is specified in the applicable Final Terms, less than the MTM Trigger Level or (b) if "less than or equal to the MTM Trigger Level" is specified in the applicable Final Terms, less than or equal to the MTM Trigger Level. The MTM Trigger Level will be specified in the applicable Final Terms. The market value of a Secured Instrument shall be determined by the Secured Instruments Valuation Agent by reference to such factors as it considers to be appropriate in its discretion, including without limitation:

- (a) market prices or values for any underlying asset(s) to which the Secured Instruments are linked and other relevant economic variables (such as interest rates and, if applicable, exchange rates) at the relevant time;
- (b) the remaining term of the Secured Instruments until their scheduled exercise and final settlement;
- (c) internal pricing models; and
- (d) prices at which other market participants might bid for securities similar to the Secured Instruments.

11. **Default in provision of Collateral Assets**

A "**Required Collateral Default**" shall occur if, following receipt by the Secured Instruments Collateral Provider of a Collateral Agent Notice which indicates that the Collateral Test is not satisfied (or will not be satisfied after taking into account any adjustments specified in a Collateral Test Notice), ~~(a) the Secured Instruments Collateral Provider fails to instruct the Collateral Agent to transfer sufficient Collateral Assets into the Collateral Account;~~ additional Eligible Collateral Assets; (b) the additional necessary Eligible Collateral Assets are not Delivered into the relevant Collateral Account on the next Collateral Business Day; and/or (c) in the case of Eligible Collateral Assets held in the Korean Securities Account, the Secured Instruments Collateral Provider fails to instruct the Collateral Agent to register the pledge and/or such pledge is not actually registered and such failure results in the Collateral Test not being satisfied for one Collateral Business Day following the delivery of such Collateral Agent Notice ~~(when determining whether the Collateral Test has been so satisfied, only Collateral Assets which have actually been transferred to the relevant Collateral Account shall be taken into account).~~

Following the occurrence of a Required Collateral Default, the Collateral Agent will send a notice (a "**Required Collateral Default Notice**") to the Secured Instruments Collateral Provider and the Security Agent, specifying that a Required Collateral Default has occurred. The Secured Instruments Collateral Provider shall notify the Issuer of the Required Collateral Default Notice. The Security Agent shall as soon as reasonably practicable after receiving a Required Collateral Default Notice give notice to the relevant Instrument Agent and the relevant Instrument Agent will give notice as soon as reasonably practicable to all relevant Holders of the receipt of a Required Collateral Default Notice.

12. **Secured Instruments Events of Default**

The Secured Instruments are subject to various events of default (each a "**Secured Instrument Event of Default**"), including, but not limited to, (i) the Issuer's failure to pay Additional Tax Amounts and Cash Settlement Amounts or to deliver any Entitlement, (ii) insolvency proceedings against the Issuer, (iii) the occurrence of a Required Collateral Default, or (iv) a failure by the Issuer and/or the Secured Instruments Collateral Provider to comply with or perform its obligations under the Security Agency Agreement or ~~the~~ any relevant ~~Deed of Charge~~ Security Agreement.

If a Secured Instrument Event of Default occurs and is continuing with respect to any Series of Secured Instruments, then any Holder may, at its option, send an Acceleration Notice through the relevant Clearing System to the relevant Instrument Agent. If the Holder(s) of at least 33 per cent. (a) in respect of Secured Instruments that are Secured Notes, in aggregate principal amount of such Non-Waived Instruments or (b) in respect of Secured Instruments that are Secured W&C Instruments, in aggregate Notional Amount or by number (as applicable), of such Non-Waived Instruments outstanding send Acceleration Notice(s) through the relevant Clearing System to the relevant Instrument Agent, and if any such default is not waived or cured in accordance with the Secured Instruments Conditions an "Acceleration Event" shall occur in respect of such Series of Secured Instruments.

The relevant Instrument Agent will as soon as reasonably practicable after the occurrence of an Acceleration Event send an instruction (an "**Acceleration Instruction**") to the Security Agent confirming that the Holders of at least 33 per cent. (a) in respect of Secured Instruments that are Secured Notes, in aggregate principal amount of the Non-Waived Instruments or (b) in respect of Secured Instruments that are Secured W&C Instruments, in aggregate Notional Amount or by number (as applicable) of the Non-Waived Instruments outstanding have delivered Acceleration Notices and thereby instructing the Security Agent to, *inter alia*, enforce the security constituted by the relevant ~~Deed of Charge~~Security Agreements and distribute the proceeds (and, if applicable, physically settle the Entitlement), in each case, in accordance with its terms, the Secured Instruments Conditions and the Security Agency Agreement.

If the Security Agent receives an Acceleration Instruction, the Security Agent shall (acting in accordance with such Acceleration Instruction), *inter alia*, as soon as reasonably practicable, (i) deliver a Collateral Enforcement Notice to each of the Issuer, the Secured Instruments Collateral Provider and the relevant Instrument Agent, (ii) give notice to the relevant Instrument Agent of, *inter alia*, the occurrence of an Acceleration Event, upon which the relevant Instrument Agent will give notice of the same to all relevant Holders, and (iii) appoint a Disposal Agent, if a Disposal Agent has not already been appointed.

13. Collateral Enforcement

(a) Secured Static/Floating Instruments Conditions

Following delivery of a Collateral Enforcement Notice, the Security Agent (acting in accordance with an Acceleration Instruction) shall enforce the security constituted by the relevant Deed of Charge relating to the relevant Collateral Pool in accordance with the terms thereof and the Secured Instruments Conditions and the terms of the Security Agency Agreement and will give instructions to the Disposal Agent to effect a liquidation and realisation of the Collateral Assets in the Collateral Pool which secures such Series of Secured Instruments: (i) by liquidating or realising all Collateral Assets in the Collateral Pool; or (ii) where "Physical Delivery of Static Collateral Assets" is specified to be applicable in the applicable Final Terms: (A) firstly, by liquidating or realising the MTM Collateral Assets in the Collateral Pool in accordance with the Secured Instruments Conditions; (B) secondly, to the extent the proceeds available following the liquidation and realisation of the MTM Collateral Assets in the Collateral Pool are insufficient to make payment of any amounts payable to the Secured Parties ranking prior to the Holders of the Non-Waived Instruments in accordance with the Order of Priority specified in the applicable Final Terms, by liquidating or realising an amount of Static Collateral Assets sufficient to make the remainder of such payments in accordance with Secured Instruments; and (C) thirdly, by liquidating or realising an amount of Static Collateral Assets to cover any outstanding hedge unwind costs; provided that, in the case of (B) and (C), if the Static Collateral Assets are a Basket of Eligible Debt Securities, the amount of each Eligible Debt Security liquidated or realised should be proportionate to the percentage weighting for each such Eligible Debt Security within the Basket of Eligible Debt Securities as specified in the applicable Final Terms.

The Security Agent (acting in accordance with an Acceleration Instruction) or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) will (i) liquidate or realise the MTM Collateral Assets and, if applicable, the Static Collateral Assets and distribute the relevant Collateral Enforcement Proceeds Share to the relevant Holders or (ii) where "Physical Delivery of Static Collateral Assets" is specified to be applicable in the applicable Final Terms, arrange for delivery of the Entitlement to the relevant Holders, in each case in accordance with the Order of Priority specified in the applicable Final Terms and the Secured Static/Floating Instruments Conditions.

(b) **Secured Fully Floating Instruments Conditions**

Following receipt of a Collateral Enforcement Notice, the Security Agent (acting in accordance with an Acceleration Instruction) shall enforce the security constituted by the relevant ~~Deed of Charge~~Security Agreements relating to the relevant Collateral Pool in accordance with the terms thereof and the Secured Instruments Conditions and the terms of the Security Agency Agreement and will give instructions to the Disposal Agent to (i) liquidate or realise the Collateral Assets in the Collateral Pool and subsequently distribute the relevant Collateral Enforcement Proceeds Share to the relevant Holders or (ii) where "Physical Delivery of Collateral Assets" is specified to be applicable in the applicable Final Terms, arrange for delivery of the relevant Entitlement to the relevant Holders, in each case in accordance with the Order of Priority specified in the applicable Final Terms and the Secured Fully Floating Instruments Conditions.

14. **Enforcement and realisation by Holders**

No Holder shall be entitled to enforce a ~~Deed of Charge~~Security Agreement or to proceed directly against the Secured Instruments Collateral Provider to enforce the other provisions of a Charged Document unless the Security Agent, having become bound to so enforce or proceed, fails so to do within a reasonable time and such failure is continuing or the Security Agent is prevented from enforcing a ~~Deed of Charge~~Security Agreement by any court order. If a Holder becomes so entitled, then such Holder shall not be entitled to enforce the relevant ~~Deed of Charge~~Security Agreement or Charged Document in the United Kingdom.

If the Security Agent becomes bound to enforce a ~~Deed of Charge~~Security Agreement or a Charged Document and fails to do so within a reasonable time and such failure is continuing or the Security Agent is prevented from enforcing a ~~Deed of Charge~~Security Agreement by any court order, then, without prejudice to the paragraph above, Holder(s) of at least 33 per cent. (a) in respect of Secured Instruments that are Secured Notes, in aggregate principal amount of such Non-Waived Instruments or (b) in respect of Secured Instruments that are Secured W&C Instruments, in aggregate Notional Amount or by number (as applicable), of such Non-Waived Instruments outstanding may remove the Security Agent and appoint a replacement Security Agent in accordance with the Secured Instruments Conditions and the terms of the Security Agency Agreement.

Neither the Issuer nor any Holder shall be entitled to enforce a Triparty Account Control Agreement or the Custodian Agreement or to proceed directly against the Collateral Agent or the Custodian to enforce the terms of the relevant Triparty Account Control Agreement or the Custodian Agreement (as applicable). Neither the Collateral Agent nor the Custodian shall have any liability to the Issuer or any Holder as to the consequence of any actions taken by the Collateral Agent or Custodian (as applicable).

15. **Physical Delivery of Collateral Assets Disruption Event**

Where "Physical Delivery of Collateral Assets" is specified as applicable in the applicable Final Terms, in certain circumstances, if, in the opinion of the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent), delivery of all or some of the Static Collateral Assets (in respect of Secured Instruments to which the Secured Static/Floating Instruments Conditions apply) or the Collateral Assets (in respect of Secured Instruments to which the Secured Fully Floating Instruments Conditions apply) forming part of the Entitlement is not possible for a specified period of time, then the Security Agent, or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent), in lieu of physical settlement, may sell or realise such undeliverable Static Collateral Assets or Collateral Assets, as applicable, and deliver the proceeds thereof to Holders.

16. **Replacement of Collateral Arrangement Parties**

Each of the Collateral Transaction Documents contains, or will contain, provisions for the termination of such agreement and, as the case may be, the removal or replacement of the role of the relevant party appointed thereunder (each a "**Collateral Arrangement Party**"). Any such termination, removal and/or replacement will be effected in accordance with the provisions of such agreements and (other than in respect of the Custodian or the Collateral Agent) the Secured Instruments Conditions and may be effected without the consent of Holders. No such termination or removal shall be effective until a replacement entity has been appointed. The Secured Instruments Valuation Agent shall be required to give notice to Holders of any such termination, removal and/or replacement.

A replacement Collateral Arrangement Party may only be appointed when the following conditions are fulfilled: the replacement Collateral Arrangement Party (other than the replacement Custodian or Collateral Agent): (i) is an institution incorporated and in good standing in the United States of America or one of the States thereof or in a state which is, as at the date of the relevant Collateral Transaction Document, a member state of the European Union or the United Kingdom; (ii) has the requisite resources and legal capacity to perform the duties imposed upon the relevant existing Collateral Arrangement Party under the relevant Collateral Transaction Document and is a recognised provider of the services provided by such Collateral Arrangement Party; (iii) is legally qualified and has the capacity to act as successor to the relevant Collateral Arrangement Party on the terms of the relevant Collateral Transaction Document; and (iv) whose performance of its duties under the relevant Collateral Transaction Document will not cause the Issuer and/or Secured Instruments Collateral Provider to become subject to tax in any jurisdiction where such successor is incorporated, established, doing business, has a permanent establishment or is otherwise considered a tax resident.

The Security Agency Agreement contains, or will contain, provisions for the termination of such agreement and the removal or replacement of the Security Agent appointed thereunder. Any such termination, removal and/or replacement will be effected in accordance with the provisions of the Security Agency Agreement and may be effected without the consent of Holders. No such termination or removal shall be effective until a replacement Security Agent has been appointed.

**PART B – AMENDED AND RESTATED DESCRIPTION OF THE COLLATERAL
ARRANGEMENTS RELATING TO SECURED INSTRUMENTS**

This section indicates the amended and restated text which will be inserted in the Original Offering Circular

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DESCRIPTION OF THE COLLATERAL ARRANGEMENTS RELATING TO SECURED INSTRUMENTS

The following is a description of the security and collateral arrangements in relation to Instruments (such Instruments being hereinafter referred to as Secured Instruments) to which the Secured Instruments Conditions are specified as being applicable in the applicable Final Terms.

Terms used but not otherwise defined in this description shall have the meaning given to them in the relevant Secured Instruments Conditions.

1. General

MLBV may issue Secured Notes and Secured W&C Instruments. References herein to "**Issuer**" shall be to MLBV.

Each Series of Secured Instruments will be issued by the Issuer and will be secured by a pool of collateral assets, segregated in the books and records of the Custodian, provided by Merrill Lynch International in its capacity as Secured Instruments Collateral Provider (the "**Secured Instruments Collateral Provider**"). The Secured Instruments Collateral Provider has entered into a custody agreement with The Bank of New York Mellon, London Branch (in such capacity, the "**Custodian**"), which provides for the establishment of cash accounts and securities accounts in the name of the Secured Instruments Collateral Provider. For each Series of Secured Instruments, the Secured Instruments Collateral Provider shall instruct The Bank of New York Mellon, London Branch (in such capacity, the "**Collateral Agent**") to open segregated collateral accounts (each, a "**Segregated Collateral Account**") in accordance with the provisions of a triparty account control agreement to be entered into between the Secured Instruments Collateral Provider, the Collateral Agent and the Security Agent (as defined below) (each, a "**Triparty Account Control Agreement**"). Secured Instruments may be issued under the (a) Additional Terms and Conditions for Secured Static/Floating Instruments set out in Annex 13 to the Offering Circular ("**Secured Static/Floating Instruments Conditions**"), pursuant to which the Segregated Collateral Assets will be separated into MTM Collateral Assets and Static Collateral Assets and (b) Additional Terms and Conditions for Secured Fully Floating Instruments set out in Annex 14 to the Offering Circular ("**Secured Fully Floating Instruments Conditions**" and, together with the Secured Static/Floating Instruments Conditions, the "**Secured Instruments Conditions**"). Each Series of Secured Instruments issued under the Secured Static/Floating Instruments Conditions will benefit from a deed of charge (each a "**Bilateral Deed of Charge**"), which will be governed by English law, granted by the Secured Instruments Collateral Provider. Each Series of Secured Instruments issued under the Secured Fully Floating Instruments Conditions will benefit from either a Bilateral Deed of Charge or a triparty deed of charge (each a "**Triparty Deed of Charge**" and together with each Bilateral Deed of Charge, each a "**Deed of Charge**"), which will be governed by English law, granted by the Secured Instruments Collateral Provider. Under each Deed of Charge, the Secured Instruments Collateral Provider will grant first ranking security over the securities contained in the Segregated Collateral Account for the relevant Series of Secured Instruments (the "**Segregated Collateral Assets**").

Each Series of Secured Instruments issued under the Secured Fully Floating Instrument Conditions for which a Triparty Deed of Charge is executed will also benefit from a security agreement which will be governed by the laws of the Republic of Korea (each a "**Korean Law Security Agreement**" and together with the Triparty Deed of Charge for the relevant Series of Secured Instruments, the "**Security Agreement(s)**") granted by the Secured Instruments Collateral Provider.

For each Series of Secured Instruments issued under the Secured Fully Floating Instrument Conditions for which a Bilateral Deed of Charge is executed and for each Series of Secured Instruments issued under the Secured Static / Floating Instrument Conditions, "**Security Agreement**" shall mean only the Bilateral Deed of Charge for such Series of Secured Instruments.

Under each Korean Law Security Agreement, the Secured Instruments Collateral Provider will grant a first priority continuing security interest (*Kun Jil Kwon*) in favour of the Security Agent over Korean law governed securities ("**Korean Securities**") held by it in a local securities account through the Korean sub-custodian designated by the Custodian (the "**Korean Securities Account**"). For the avoidance of doubt, the Secured Instruments Collateral Provider will not grant security over the Korean Securities Account (as distinct from any securities credited to such account) or over any securities in the Korean Securities Account other than the Korean Pledged Securities for any Series of Secured Instruments.

The Korean Securities Account is an account of the Secured Instruments Collateral Provider which is opened. All Korean Securities held by the Secured Instruments Collateral Provider, whether used as collateral for a trade or not are held within the Korean Securities Account. Therefore, any Korean Securities over which the Secured Instruments Collateral Provider grants security in relation to a series of Secured Instruments will be commingled with un-encumbered Korean Securities held by the Secured Instruments Collateral Provider for its own account and any Korean Securities subject to a first priority continuing security interest (*Kun Jil Kwon*) in connection with other series of Secured Instruments or other secured borrowing of the Secured Instruments Collateral Provider or any of its affiliates. In addition to the identification of the Korean Pledged Securities in the books and records of the Security Agent for each Series of Secured Instruments, the pledge when recorded against the specific Korean Pledged Securities will record the specific Series of MLBV Notes for which the security has been granted.

For each Series of Secured Instruments for which a Triparty Deed of Charge has been executed, the Korean Securities which are held in the Korean Securities Account and are registered as pledged in respect of such Series of Secured Instruments (the "**Korean Pledged Securities**") and the Segregated Collateral Assets held in the Segregated Collateral Accounts shall be the "**Collateral Assets**" and such accounts shall be the "**Collateral Accounts**".

For each Series of Secured Instruments for which a Bilateral Deed of Charge has been executed, the Segregated Collateral Assets held in the Segregated Collateral Accounts shall be the "**Collateral Assets**" and such accounts shall be the "**Collateral Accounts**".

1. **Appointment of a Security Agent**

In relation to each Series of Secured Instruments, The Bank of New York Mellon has been appointed as security agent (the "**Security Agent**") and has undertaken to carry out the duties of Security Agent in respect of such Secured Instruments under a New York law governed security agency agreement entered into between, *inter alia*, the Issuers, the Secured Instruments Collateral Provider and the Security Agent (the "**Security Agency Agreement**").

In relation to each Series of Secured Instruments, the security granted under each relevant Security Agreement (except the Korean Law Security Agreement) will be granted in favour of the Security Agent or any successor thereto on behalf of itself and the relevant Holders of the Secured Instruments and the other relevant Secured Parties (as defined in the relevant Secured Instruments Conditions) under the Security Agency Agreement. The security granted under the Korean Law Security Agreement will be granted in favour of the Security Agent or any successor thereto only.

In performing its role under the Programme, the Security Agent does not act as an advisor to or fiduciary or trustee for the Holders of the Secured Instruments (either as a Series or individually) or any other party and nothing in any of the documents relating to the Programme shall be interpreted to constitute the Security Agent as a trustee or fiduciary of the Issuer, the Secured Instruments Collateral Provider, the Holders of the Secured Instruments or any other party.

2. **Nature of Collateral Assets**

The Collateral Assets held in the Collateral Accounts and secured pursuant to the relevant Security Agreements are together referred to as the "**Collateral Pool**".

(a) **Secured Static/Floating Instruments Conditions**

In respect of Secured Instruments to which the Secured Static/Floating Instruments Conditions apply, a Collateral Pool shall be made up of (i) Static Collateral Assets and (ii) MTM Collateral Assets.

The Static Collateral Assets shall comprise of (x) a single debt security (an "**Eligible Debt Security**") or a basket of Eligible Debt Securities (a "**Basket of Eligible Debt Securities**") issued by the relevant entity or entities and having the ISIN(s) specified in the applicable Final Terms and (y) debt securities that satisfy all of the Eligibility Criteria (as defined below) applicable to a certain class or type of Eligible MTM Collateral Assets (as defined below) as specified in the applicable Final Terms. Such Static Collateral Assets are referred to as "**Eligible Static Collateral Assets**". The MTM Collateral Assets may comprise of any of the following:

- cash;
- debt securities (including, but not limited to, government bonds, corporate bonds, covered bonds and asset backed securities);
- equity securities, shares, units or interests in a fund; and/or
- any other negotiable financial instruments in book entry-form.

The MTM Collateral Assets must satisfy the eligibility criteria (the "**Eligibility Criteria**") specified in the applicable Final Terms relating to such Series of Secured Instruments. MTM Collateral Assets satisfying the relevant Eligibility Criteria are referred to as "**Eligible MTM Collateral Assets**".

The Eligibility Criteria specified in the applicable Final Terms will set out the criteria which must be met for MTM Collateral Assets to constitute Eligible MTM Collateral Assets and may include limitations on the type of MTM Collateral Assets that may be held, the maturity of the MTM Collateral Assets, the liquidity of the MTM Collateral Assets, requirements regarding the jurisdiction of the issuer of the MTM Collateral Assets or its guarantor or the credit rating of the obligor of the MTM Collateral Assets and/or any other limitations, restrictions and/or requirements concerning the MTM Collateral Assets as may be specified in the applicable Final Terms.

Notwithstanding the Eligibility Criteria specified to be applicable in the applicable Final Terms in respect of a Series of Secured Instruments, the Collateral Agent shall be obliged to refer only to the terms of the relevant Triparty Account Control Agreement in determining whether the MTM Collateral Assets comply with the eligibility criteria set out in the relevant Triparty Account Control Agreement.

(b) **Secured Fully Floating Instruments Conditions**

In respect of Secured Instruments to which the Secured Fully Floating Instruments Conditions apply, a Collateral Pool shall be made up of Collateral Assets comprising of any of the following:

- cash;
- debt securities (including, but not limited to, government bonds, corporate bonds, covered bonds and asset backed securities);
- equity securities, shares, units or interests in a fund; and/or
- any other negotiable financial instruments in book entry-form.

The Collateral Assets must satisfy the eligibility criteria (the "**Eligibility Criteria**") specified in the applicable Final Terms relating to such Series of Secured Instruments. Collateral Assets satisfying the relevant Eligibility Criteria are referred to as "**Eligible Collateral Assets**".

The Eligibility Criteria specified in the applicable Final Terms will set out the criteria which must be met for Collateral Assets to constitute Eligible Collateral Assets and may include limitations on the type of Collateral Assets that may be held, the maturity of the Collateral Assets, the liquidity of the Collateral Assets, requirements regarding the jurisdiction of the issuer of the Collateral Assets or its guarantor or the credit rating of the obligor of the Collateral Assets and/or any other limitations, restrictions and/or requirements concerning the Collateral Assets as may be specified in the applicable Final Terms.

Notwithstanding the Eligibility Criteria specified to be applicable in the applicable Final Terms in respect of a Series of Secured Instruments, the Collateral Agent shall be obliged to refer only to the terms of the relevant Triparty Account Control Agreement in determining whether the Collateral Assets comply with the eligibility criteria set out in the relevant Triparty Account Control Agreement.

3. **Limited Recourse and Non-Petition**

By acquiring and holding Secured Instruments, Holders of the Secured Instruments will be deemed to acknowledge and agree that the obligations of the Issuer to the Holders of the Secured Instruments are limited in recourse to the Collateral Assets contained in the relevant Collateral Pool securing such Series of Secured Instruments. In particular, the Collateral Assets contained in any other Collateral Pool will not be available to pay amounts due in respect of any Secured Instruments which are not secured by that Collateral Pool. The Secured Instruments are not guaranteed by the Guarantor or any other entity and therefore Holders of the Secured Instruments will have no claim against the Guarantor or any other entity in respect of any such amounts owing to them which remain unpaid.

4. **Valuation of Collateral**

In order to ensure that a Series of Secured Instruments is collateralised in accordance with its terms, on each Issue Date and relevant Collateral Business Day (each such test date being a "**Collateral Test Date**"), the actual value of the Collateral Assets will be tested against the required value of the Collateral Assets to be held in the Collateral Accounts to secure the relevant Series of Secured Instruments, as determined in accordance with the provisions of the applicable Secured Instruments Conditions. Merrill Lynch International shall undertake the duties of Secured Instruments valuation agent (the "**Secured Instruments Valuation Agent**") under the terms of a valuation agency agreement (the "**Valuation Agent Agreement**"), pursuant to which it will determine values relating to the collateral and provide them to the Collateral Agent as described below:

(a) **Secured Static/Floating Instruments Conditions**

On the Collateral Business Day immediately preceding the Collateral Test Date, the Secured Instruments Valuation Agent will determine and will send to the Collateral Agent a Collateral Test Notice notifying it of the following: (a) in respect of the Static Collateral Assets, the Static Collateral Specified Percentage of the Required Static Collateral Nominal Amount; and (b) in respect of the MTM Collateral Assets, the MTM Collateral Specified Percentage of the Required MTM Collateral Value. On each Collateral Test Date, the Collateral Agent shall: (a) in respect of the Static Collateral Assets, determine the Pool Aggregate Collateral Nominal Amount and verify if such amount is greater than or equal to the Static Collateral Specified Percentage of the Required Static Collateral Nominal Amount (the "**Static Collateral Test**"); and (b) in respect of the MTM Collateral Assets, determine the Collateral Value of the MTM Collateral Assets in the Collateral Account and verify if such value is greater than or equal to the MTM Collateral Specified Percentage of the Required MTM Collateral Value (the "**MTM Collateral Test**").

(i) *Static Collateral Assets*

(A) *Pool Aggregate Collateral Nominal Amount*

The Pool Aggregate Collateral Nominal Amount in respect of a Collateral Pool on a relevant date, is an amount, expressed in the currency specified in the applicable Final Terms (the "**Collateral Valuation Currency**"), equal to the aggregate nominal amount of the Static Collateral Assets held in the Collateral Account on the relevant date, as determined by the Collateral Agent.

(B) *Static Collateral Specified Percentage of the Required Static Collateral Nominal Amount*

The Static Collateral Specified Percentage of the Required Static Collateral Nominal Amount is the percentage, as specified in the applicable Final Terms, of, in respect of a Collateral Pool which secures a Series of Secured Instruments and any relevant date, (a) in respect of Secured Instruments that are Secured Notes, the total aggregate principal amount of the Non-Waived Instruments of such Series of Secured Instruments; and (b) in respect of Secured Instruments, that are Secured W&C Instruments, the sum of the Notional Amount of each Non-Waived Instrument of such Series of Secured Instruments, each as determined by the Secured Instruments Valuation Agent.

(ii) *MTM Collateral Assets*

(A) *Collateral Value*

The Collateral Value is, in respect of a Collateral Pool and a Collateral Test Date, an amount, expressed in the Collateral Valuation Currency, equal to the sum of the Margin Value of each Eligible MTM Collateral Asset in such Collateral Pool on such Collateral Test Date, as determined by the Collateral Agent.

(B) *MTM Collateral Specified Percentage of the Required MTM Collateral Value*

The MTM Collateral Specified Percentage of the Required MTM Collateral Value is the percentage, as specified in the applicable Final Terms, of, in respect of a Collateral Pool and a Collateral Test Date, the greater of zero and the sum of each portion of the Marked-to-Market Derivative Hedge Value at the relevant time that relates to a Non-Waived Instrument of the relevant Series of Secured Instruments which are secured by such Collateral Pool, as determined by the Secured Instruments Valuation Agent.

(b) **Secured Fully Floating Instruments Conditions**

On the Secured Instrument Valuation Date for each Collateral Test Date, the Secured Instruments Valuation Agent will determine the Required Collateral Value and will send the Collateral Agent a Collateral Test Notice notifying it of such Required Collateral Value. On each Collateral Test Date, the Collateral Agent shall calculate the Collateral Value and verify if such value is greater than or equal to the Required Collateral Value (the "**Collateral Test**").

(i) *Collateral Value*

Except if "Collateral Valuation at Nominal Value" is specified as applicable in the applicable Final Terms, the Collateral Value is an amount equal to the sum of the quotient of (a) the Market Value of each Eligible Collateral Asset, divided by (b) the Margin Percentage applicable to each Eligible Collateral Asset, as determined by the Collateral Agent.

If "Collateral Valuation at Nominal Value" is specified as applicable in the applicable Final Terms, the Collateral Value shall be deemed to be equal to the total aggregate nominal value of the Eligible Collateral Assets, as determined by the Collateral Agent.

The Collateral Agent shall calculate the Collateral Value as of the relevant Collateral Valuation Time (as described below) in the Collateral Valuation Currency. Where the currency of denomination of a Collateral Asset is other than the Collateral Valuation Currency, the Secured Instruments Valuation Agent shall convert the value of such Collateral Asset (or other relevant values) at the relevant spot exchange rate or spot rates in accordance with such method and as at such time as the Secured Instruments Valuation Agent may select in its discretion, having regard to the then-current rates of exchange, and shall notify the Collateral Agent of such converted values.

(ii) *Required Collateral Value*

The Required Collateral Value will be calculated by the Secured Instruments Valuation Agent on the Issue Date and on each Secured Instrument Valuation Date, as follows:

- (A) where "MV Collateralisation" is specified as being the Type of Collateralisation applicable in the applicable Final Terms relating to a Series of Secured Instruments, the Required Collateral Value shall be equal to the product of (a) the Collateralisation Percentage, (b) the Secured Instrument Market Value and (c) the Relevant Number of Non-Waived Instruments of such Series;
- (B) where "NV Collateralisation" is specified as being the Type of Collateralisation applicable in the applicable Final Terms relating to a Series of Secured Instruments, the Required Collateral Value shall be equal to the product of (a) the Collateralisation Percentage and (b) the total aggregate principal amount or nominal value, as applicable, of the Non-Waived Instruments of such Series;

- (C) where "Min (MV, NV) Collateralisation" is specified as being the Type of Collateralisation applicable in the applicable Final Terms relating to a Series of Secured Instruments, the Required Collateral Value shall be equal to the lower of (a) the product of (1) the Collateralisation Percentage, (2) the Secured Instrument Market Value and (3) the Relevant Number of Non-Waived Instruments and (b) the product of (1) the Collateralisation Percentage and (2) the total aggregate principal amount or nominal value, as applicable, of the Non-Waived Instruments of such Series; or
- (D) where "Max (MV, NV) Collateralisation" is specified as being the Type of Collateralisation applicable in the applicable Final Terms relating to a Series of Secured Instruments, the Required Collateral Value shall be equal to the greater of (a) the product of (1) the Collateralisation Percentage, (2) the Secured Instrument Market Value and (3) the Relevant Number of Non-Waived Instruments and (b) the product of (1) the Collateralisation Percentage and (2) the total aggregate principal amount or nominal value, as applicable, of the Non-Waived Instruments of such Series.

"Relevant Number" means:

- (a) in respect of Secured Instruments that are Secured Notes, the aggregate principal amount outstanding of Non-Waived Instruments of a Series of Secured Instruments divided by the specified denomination of each Non-Waived Instrument of such Series of Secured Instruments; and
- (b) in respect of Secured Instruments that are Secured W&C Instruments, the number of Non-Waived Instruments of such Series of Secured Instruments.

The Collateralisation Percentage relating to a Series of Secured Instruments will be specified in the applicable Final Terms and may specify a different Collateralisation Percentage in respect of different Collateral Test Dates.

5. **Adjustments to Collateral Pool and Collateral Agent Notice**

(a) **Secured Static/Floating Instruments Conditions**

If on the relevant Collateral Test Date the Collateral Agent determines that the Collateral Test is not satisfied, the Collateral Agent will promptly send to the Secured Instruments Collateral Provider a Collateral Agent Notice. On the date such Collateral Agent Notice is given, the Secured Instruments Collateral Provider will instruct the Collateral Agent to transfer sufficient additional Eligible MTM Collateral Assets or Eligible Static Collateral Assets (as applicable) into the relevant Collateral Account to satisfy the Collateral Test.

The Secured Instruments Collateral Provider will ensure that sufficient Eligible MTM Collateral Assets and Eligible Static Collateral Assets are Delivered into the relevant Collateral Account on or before each Collateral Test Date to satisfy the Collateral Test in respect of such Collateral Test Date for the relevant Series of Secured Instruments.

(b) **Secured Fully Floating Instruments Conditions**

If on the relevant Collateral Test Date the Collateral Agent determines that the Collateral Test is not satisfied, the Collateral Agent will promptly send the Secured Instruments Collateral Provider a Collateral Agent Notice. On the date such Collateral Agent Notice is given, the Secured Instruments Collateral Provider will instruct the Collateral Agent to transfer sufficient additional Eligible Collateral Assets into the relevant Collateral Account (or, in the case of Eligible Collateral Assets held in the Korean Securities Account, to instruct the Collateral Agent to register the pledge in respect of such Eligible Collateral Assets) to satisfy the Collateral Test.

The Secured Instruments Collateral Provider shall ensure that instructions are provided to the Collateral Agent so as to ensure that sufficient Eligible Collateral Assets are Delivered into the relevant Collateral Account (or, in the case of Eligible Collateral Assets held in the Korean Securities Account, the pledge is registered in respect of such Eligible Collateral Assets) on or

before each Collateral Test Date to satisfy the Collateral Test in respect of such Collateral Test Date for the relevant Series of Secured Instruments.

For the avoidance of doubt, in relation to Korean Pledged Securities and for the purposes of the Security Agreements and the Triparty Account Control Agreement, “transfers” of the relevant Collateral Assets to the Collateral Accounts may be given effect when held through accounts maintained with certain Clearing Systems as an earmarking of such Collateral Assets as pledged or as a transfer to an account maintained for or on behalf of the Security Agent and such Korean Securities shall be deemed, for the purposes of such agreements, to have been credited to the Collateral Account(s) accordingly.

6. **Waived Instruments**

In respect of all Secured Instruments held by the Issuer or its Affiliates, including but not limited to, in its capacity as market maker, the Issuer or its Affiliates will be deemed to have waived their rights (a) to receive the proceeds of realisation of the Collateral Assets securing such Series of Secured Instruments (and where "Physical Delivery of Static Collateral Assets" is specified as applicable in the applicable Final Terms, delivery of the Static Collateral Assets) following the enforcement of the relevant Security Agreement and Charged Documents or the redemption or cancellation, as applicable, of such Series of Secured Instruments following the occurrence of a Collateral Asset Default and (b) to give an Acceleration Notice on the occurrence of a Secured Instrument Event of Default ("**Waived Instruments**").

As a consequence, when making various calculations under the Secured Instruments Conditions, including the Required MTM Collateral Value and the Required Static Collateral Nominal Amount (under the Secured Static/Floating Instruments Conditions) and the Required Collateral Value (under the Secured Fully Floating Instruments Conditions), the Secured Instruments Valuation Agent shall only take into account the value of the Secured Instruments that are not subject to such waiver (any such Secured Instruments being "**Non-Waived Instruments**").

7. **Collateral Substitution**

(a) **Secured Static/Floating Instruments Conditions**

The Secured Instruments Collateral Provider may, subject to the terms of the relevant Triparty Account Control Agreement, withdraw and/or replace MTM Collateral Assets from the relevant Collateral Account provided that following such adjustment the Collateral Test continues to be satisfied. The Secured Instruments Collateral Provider will send or cause to be sent a notice to the Collateral Agent specifying the adjustments to be made to the Collateral Pool (including *inter alia* the type and quantity of any MTM Collateral Assets to be deposited and/or removed).

The Issuer and the Secured Instruments Collateral Provider shall not be entitled to withdraw and/or replace Static Collateral Assets from the relevant Collateral Account, on any day provided that the Secured Instruments Collateral Provider may on any Collateral Test Date withdraw from the relevant Collateral Account an aggregate nominal amount of Static Collateral Assets equal to the sum of the Notional Amount of each Non-Waived Instrument that is converted into a Waived Instrument if, following such withdrawal, (a) the Collateral Test continues to be satisfied, and (b) if the Eligible Static Collateral Assets specified in the applicable Final Terms are a Basket of Eligible Debt Securities, the aggregate nominal amount of each Eligible Debt Security is equal to the percentage weighting for each such Eligible Debt Security within the Basket of Eligible Debt Securities as specified in the applicable Final Terms.

(b) **Secured Fully Floating Instruments Conditions**

The Secured Instruments Collateral Provider may, subject to the terms of the relevant Triparty Account Control Agreement, withdraw and/or replace Collateral Assets from the relevant Collateral Accounts (or, in the case of Korean Pledged Securities, release the pledge in respect of such Korean Pledged Securities) provided that following such adjustment the Collateral Test continues to be satisfied. The Secured Instruments Collateral Provider will send or cause to be sent a notice to the Collateral Agent specifying the adjustments to be made to the Collateral Pool

(including *inter alia* the type and quantity of any Eligible Collateral Assets to be deposited/registered and/or Collateral Assets to be removed/released).

8. Early redemption or settlement following the occurrence of a Collateral Disruption Event

(a) Secured Static/Floating Instruments Conditions

If the Secured Instruments Valuation Agent determines that a Collateral Disruption Event has occurred or is continuing, the Issuer may in good faith and in a commercially reasonable manner redeem or cancel all of the relevant Secured Instruments at their Early Redemption/Settlement Amount (CDE) or, if "Physical Delivery of Static Collateral Assets" is specified to be applicable in the applicable Final Terms, deliver Static Collateral Assets that make up the Entitlement (CDE) in accordance with the Secured Instruments Conditions. The Early Redemption/Settlement Amount (CDE) will be calculated on the basis of (i) if "Physical Delivery of Static Collateral Assets" is specified not to be applicable in the applicable Final Terms, the market value of the Derivative Hedge entered into by the Issuer and/or its Affiliates to hedge the Issuer's payment obligations plus the proceeds of the liquidation and realisation of the Static Collateral, less any of the hedge unwind costs of the Issuer and/or its Affiliates and costs of realising the Collateral Assets or (ii) if the applicable Final Terms specify "Physical Delivery of Static Collateral Assets" to be applicable, the market value of the Derivative Hedge entered into by the Issuer and/or its Affiliates to hedge the Issuer's payment obligations less any hedge unwind costs of the Issuer and/or its Affiliates and costs of realising the Collateral Assets.

Collateral Disruption Events are defined in the Secured Instruments Conditions and include, but are not limited to: (i) a Collateral Asset Default occurs or is continuing, as determined by the Secured Instruments Valuation Agent; or (ii) the Secured Instruments Collateral Provider being (A) unable, after using commercially reasonable efforts, to acquire the necessary Collateral Assets or (B) subject to materially increased costs in acquiring Collateral Assets; or (iii) the Issuer being unable, after using commercially reasonable efforts, to find a suitable substitute or replacement Collateral Arrangement Party (as defined below) following the termination of the relevant agreements or resignation or removal, for any reason, of any Collateral Arrangement Party.

(b) Secured Fully Floating Instruments Conditions

If the Secured Instruments Valuation Agent determines that a Collateral Disruption Event has occurred or is continuing, the Issuer may in good faith and in a commercially reasonable manner redeem or cancel all of the relevant Secured Instruments at the Early Redemption/Settlement Amount following the occurrence of a Collateral Disruption Event. The Early Redemption/Settlement Amount will be calculated on the basis of the fair market value of such Secured Instrument less any hedge unwind costs of the Issuer and/or its Affiliates.

Collateral Disruption Events are defined in the Secured Instruments Conditions and include, but are not limited to: (i) the Secured Instruments Collateral Provider being (A) unable, after using commercially reasonable efforts, to acquire the necessary Collateral Assets or (B) subject to materially increased costs in acquiring Collateral Assets; or (ii) the Issuer being unable, after using commercially reasonable efforts, to find a suitable substitute or replacement Collateral Arrangement Party (as defined below) following the termination of the relevant agreements or resignation or removal, for any reason, of any Collateral Arrangement Party.

For the avoidance of doubt, the occurrence of a Collateral Disruption Event will not constitute a Secured Instrument Event of Default.

9. Early redemption or settlement following the occurrence of a Collateral Trigger Event under the Secured Static/Floating Instruments Conditions

If a "Collateral Trigger Event" is specified to be applicable in the applicable Final Terms and the Secured Instruments Valuation Agent determines that a Collateral Trigger Event has occurred or is continuing, the Issuer shall redeem or cancel all of the relevant Secured Instruments at their Early Redemption/Settlement Amount (CTE) and, if "Physical Delivery of Static Collateral Assets" is specified to be applicable in the applicable Final Terms, deliver Static Collateral Assets that make up the Entitlement (CTE) (including payment of any Fractional Cash Amount (CTE)) in accordance with the

Secured Instruments Conditions. The Early Redemption/Settlement Amount (CTE) will be calculated on the basis of (i) if "Physical Delivery of Static Collateral Assets" is specified not to be applicable in the applicable Final Terms, the intra-day market value of the Derivative Hedge entered into by the Issuer and/or its Affiliates to hedge the Issuer's payment obligations plus the proceeds of the liquidation and realisation of the Static Collateral, less any of the hedge unwind costs of the Issuer and/or its Affiliates and costs of realising the Collateral Assets or (ii) if the applicable Final Terms specify "Physical Delivery of Static Collateral Assets" to be applicable, the intra-day market value of the Derivative Hedge entered into by the Issuer and/or its Affiliates to hedge the Issuer's payment obligations less any hedge unwind costs of the Issuer and/or its Affiliates and costs of realising the Collateral Assets.

A Collateral Trigger Event shall have occurred if the Secured Instruments Valuation Agent determines that, at any time on a day during the relevant observation period, the value of a Secured Instrument of the relevant series is (a) if "less than the Collateral Trigger Level" is specified in the applicable Final Terms, less than the Collateral Trigger Level or (b) if "less than or equal to the Collateral Trigger Level" is specified in the applicable Final Terms, less than or equal to the Collateral Trigger Level. The Collateral Trigger Level will be specified in the applicable Final Terms. The value of the relevant Secured Instruments will be determined by the Secured Instruments Valuation Agent as an amount equal to the sum of (x) the intra-day market value of the portion of the Derivative Hedge that relates to such Secured Instruments and (y) the intra-day market value of the relevant Static Collateral Assets that relate to such Secured Instruments.

The intra-day market value of the Derivative Hedge and of the Static Collateral Assets shall be determined by the Secured Instruments Valuation Agent by reference to such factors as it considers to be appropriate in its discretion, including without limitation:

- (a) in respect of the Derivative Hedge, the present value of the future payment obligations of the Issuer under the relevant Secured Instruments minus the present value of the future cash flows of the Static Collateral Assets that secure such Secured Instruments, and taking into account:
 - (i) spot and forward market prices or values for the underlying asset(s) of the Derivative Hedge and other relevant economic variables (such as interest rates and exchange rates);
 - (ii) the correlation between the market prices or value of the underlying asset(s) of the Derivative Hedge and other relevant economic variables;
 - (iii) historic and implied volatility of the market prices or value of the underlying asset(s) of the Derivative Hedge;
 - (iv) the remaining time until expiry of the Derivative Hedge;
 - (v) internal pricing models;
 - (vi) prices at which other market participants might bid for similar Derivative Hedge; and
 - (vii) the valuation using relevant economic variables of the cash flows and/or coupon payments of the Static Collateral Assets that secure such Secured Instruments;
- (b) in respect of the relevant Static Collateral Assets:
 - (i) bid prices (if available) for a nominal amount of such Static Collateral Assets equal to the minimum nominal amount that may be quoted for bids on the screen page specified in the applicable Final Terms; and
 - (ii) internal pricing models.

10. **Early redemption or settlement following the occurrence of a MTM Trigger Event under the Secured Fully Floating Instruments Conditions**

If a "MTM Trigger Event" is specified to be applicable in the applicable Final Terms and the Secured Instruments Valuation Agent determines that a MTM Trigger Event has occurred or is continuing, the Issuer shall redeem or cancel all of the relevant Secured Instruments at their Early Redemption/Settlement Amount in accordance with the Secured Instruments Conditions.

A MTM Trigger Event shall have occurred if the Secured Instruments Valuation Agent determines that, at any time between 5.00 a.m. Sydney time to 5.00 p.m. New York City time (or such other times specified in the applicable Final Terms) on a business day during the relevant observation period, the market value of a Secured Instrument of the relevant series is (a) if "less than the MTM Trigger Level" is specified in the applicable Final Terms, less than the MTM Trigger Level or (b) if "less than or equal to the MTM Trigger Level" is specified in the applicable Final Terms, less than or equal to the MTM Trigger Level. The MTM Trigger Level will be specified in the applicable Final Terms. The market value of a Secured Instrument shall be determined by the Secured Instruments Valuation Agent by reference to such factors as it considers to be appropriate in its discretion, including without limitation:

- (a) market prices or values for any underlying asset(s) to which the Secured Instruments are linked and other relevant economic variables (such as interest rates and, if applicable, exchange rates) at the relevant time;
- (b) the remaining term of the Secured Instruments until their scheduled exercise and final settlement;
- (c) internal pricing models; and
- (d) prices at which other market participants might bid for securities similar to the Secured Instruments.

11. **Default in provision of Collateral Assets**

A "**Required Collateral Default**" shall occur if, following receipt by the Secured Instruments Collateral Provider of a Collateral Agent Notice which indicates that the Collateral Test is not satisfied (or will not be satisfied after taking into account any adjustments specified in a Collateral Test Notice), (a) the Secured Instruments Collateral Provider fails to instruct the Collateral Agent to transfer sufficient additional Eligible Collateral Assets; (b) the additional necessary Eligible Collateral Assets are not Delivered into the relevant Collateral Account on the next Collateral Business Day; and/or (c) in the case of Eligible Collateral Assets held in the Korean Securities Account, the Secured Instruments Collateral Provider fails to instruct the Collateral Agent to register the pledge and/or such pledge is not actually registered and such failure results in the Collateral Test not being satisfied for one Collateral Business Day following the delivery of such Collateral Agent Notice.

Following the occurrence of a Required Collateral Default, the Collateral Agent will send a notice (a "**Required Collateral Default Notice**") to the Secured Instruments Collateral Provider and the Security Agent, specifying that a Required Collateral Default has occurred. The Secured Instruments Collateral Provider shall notify the Issuer of the Required Collateral Default Notice. The Security Agent shall as soon as reasonably practicable after receiving a Required Collateral Default Notice give notice to the relevant Instrument Agent and the relevant Instrument Agent will give notice as soon as reasonably practicable to all relevant Holders of the receipt of a Required Collateral Default Notice.

12. **Secured Instruments Events of Default**

The Secured Instruments are subject to various events of default (each a "**Secured Instrument Event of Default**"), including, but not limited to, (i) the Issuer's failure to pay Additional Tax Amounts and Cash Settlement Amounts or to deliver any Entitlement, (ii) insolvency proceedings against the Issuer, (iii) the occurrence of a Required Collateral Default, or (iv) a failure by the Issuer and/or the Secured Instruments Collateral Provider to comply with or perform its obligations under the Security Agency Agreement or any relevant Security Agreement.

If a Secured Instrument Event of Default occurs and is continuing with respect to any Series of Secured Instruments, then any Holder may, at its option, send an Acceleration Notice through the relevant Clearing System to the relevant Instrument Agent. If the Holder(s) of at least 33 per cent. (a) in respect of Secured Instruments that are Secured Notes, in aggregate principal amount of such Non-Waived Instruments or (b) in respect of Secured Instruments that are Secured W&C Instruments, in aggregate Notional Amount or by number (as applicable), of such Non-Waived Instruments outstanding send Acceleration Notice(s) through the relevant Clearing System to the relevant Instrument Agent, and if any such default is not waived or cured in accordance with the Secured Instruments Conditions an "Acceleration Event" shall occur in respect of such Series of Secured Instruments.

The relevant Instrument Agent will as soon as reasonably practicable after the occurrence of an Acceleration Event send an instruction (an "**Acceleration Instruction**") to the Security Agent confirming that the Holders of at least 33 per cent. (a) in respect of Secured Instruments that are Secured Notes, in aggregate principal amount of the Non-Waived Instruments or (b) in respect of Secured Instruments that are Secured W&C Instruments, in aggregate Notional Amount or by number (as applicable) of the Non-Waived Instruments outstanding have delivered Acceleration Notices and thereby instructing the Security Agent to, *inter alia*, enforce the security constituted by the relevant Security Agreements and distribute the proceeds (and, if applicable, physically settle the Entitlement), in each case, in accordance with its terms, the Secured Instruments Conditions and the Security Agency Agreement.

If the Security Agent receives an Acceleration Instruction, the Security Agent shall (acting in accordance with such Acceleration Instruction), *inter alia*, as soon as reasonably practicable, (i) deliver a Collateral Enforcement Notice to each of the Issuer, the Secured Instruments Collateral Provider and the relevant Instrument Agent, (ii) give notice to the relevant Instrument Agent of, *inter alia*, the occurrence of an Acceleration Event, upon which the relevant Instrument Agent will give notice of the same to all relevant Holders, and (iii) appoint a Disposal Agent, if a Disposal Agent has not already been appointed.

13. **Collateral Enforcement**

(a) **Secured Static/Floating Instruments Conditions**

Following delivery of a Collateral Enforcement Notice, the Security Agent (acting in accordance with an Acceleration Instruction) shall enforce the security constituted by the relevant Deed of Charge relating to the relevant Collateral Pool in accordance with the terms thereof and the Secured Instruments Conditions and the terms of the Security Agency Agreement and will give instructions to the Disposal Agent to effect a liquidation and realisation of the Collateral Assets in the Collateral Pool which secures such Series of Secured Instruments: (i) by liquidating or realising all Collateral Assets in the Collateral Pool; or (ii) where "Physical Delivery of Static Collateral Assets" is specified to be applicable in the applicable Final Terms: (A) firstly, by liquidating or realising the MTM Collateral Assets in the Collateral Pool in accordance with the Secured Instruments Conditions; (B) secondly, to the extent the proceeds available following the liquidation and realisation of the MTM Collateral Assets in the Collateral Pool are insufficient to make payment of any amounts payable to the Secured Parties ranking prior to the Holders of the Non-Waived Instruments in accordance with the Order of Priority specified in the applicable Final Terms, by liquidating or realising an amount of Static Collateral Assets sufficient to make the remainder of such payments in accordance with Secured Instruments; and (C) thirdly, by liquidating or realising an amount of Static Collateral Assets to cover any outstanding hedge unwind costs; provided that, in the case of (B) and (C), if the Static Collateral Assets are a Basket of Eligible Debt Securities, the amount of each Eligible Debt Security liquidated or realised should be proportionate to the percentage weighting for each such Eligible Debt Security within the Basket of Eligible Debt Securities as specified in the applicable Final Terms.

The Security Agent (acting in accordance with an Acceleration Instruction) or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) will (i) liquidate or realise the MTM Collateral Assets and, if applicable, the Static Collateral Assets and distribute the relevant Collateral Enforcement Proceeds Share to the relevant Holders or (ii) where "Physical Delivery of Static Collateral Assets" is specified to be applicable in the applicable Final Terms, arrange for delivery of the Entitlement to the relevant Holders, in each case in accordance with the Order of Priority specified in the applicable Final Terms and the Secured Static/Floating Instruments Conditions.

(b) **Secured Fully Floating Instruments Conditions**

Following receipt of a Collateral Enforcement Notice, the Security Agent (acting in accordance with an Acceleration Instruction) shall enforce the security constituted by the relevant Security Agreements relating to the relevant Collateral Pool in accordance with the terms thereof and the Secured Instruments Conditions and the terms of the Security Agency Agreement and will give instructions to the Disposal Agent to (i) liquidate or realise the Collateral Assets in the Collateral Pool and subsequently distribute the relevant Collateral Enforcement Proceeds Share to the relevant Holders or (ii) where "Physical Delivery of Collateral Assets" is specified to be applicable in the applicable Final Terms, arrange for delivery of the relevant Entitlement to the relevant

Holders, in each case in accordance with the Order of Priority specified in the applicable Final Terms and the Secured Fully Floating Instruments Conditions.

14. **Enforcement and realisation by Holders**

No Holder shall be entitled to enforce a Security Agreement or to proceed directly against the Secured Instruments Collateral Provider to enforce the other provisions of a Charged Document unless the Security Agent, having become bound to so enforce or proceed, fails so to do within a reasonable time and such failure is continuing or the Security Agent is prevented from enforcing a Security Agreement by any court order. If a Holder becomes so entitled, then such Holder shall not be entitled to enforce the relevant Security Agreement or Charged Document in the United Kingdom.

If the Security Agent becomes bound to enforce a Security Agreement or a Charged Document and fails to do so within a reasonable time and such failure is continuing or the Security Agent is prevented from enforcing a Security Agreement by any court order, then, without prejudice to the paragraph above, Holder(s) of at least 33 per cent. (a) in respect of Secured Instruments that are Secured Notes, in aggregate principal amount of such Non-Waived Instruments or (b) in respect of Secured Instruments that are Secured W&C Instruments, in aggregate Notional Amount or by number (as applicable), of such Non-Waived Instruments outstanding may remove the Security Agent and appoint a replacement Security Agent in accordance with the Secured Instruments Conditions and the terms of the Security Agency Agreement.

Neither the Issuer nor any Holder shall be entitled to enforce a Triparty Account Control Agreement or the Custodian Agreement or to proceed directly against the Collateral Agent or the Custodian to enforce the terms of the relevant Triparty Account Control Agreement or the Custodian Agreement (as applicable). Neither the Collateral Agent nor the Custodian shall have any liability to the Issuer or any Holder as to the consequence of any actions taken by the Collateral Agent or Custodian (as applicable).

15. **Physical Delivery of Collateral Assets Disruption Event**

Where "Physical Delivery of Collateral Assets" is specified as applicable in the applicable Final Terms, in certain circumstances, if, in the opinion of the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent), delivery of all or some of the Static Collateral Assets (in respect of Secured Instruments to which the Secured Static/Floating Instruments Conditions apply) or the Collateral Assets (in respect of Secured Instruments to which the Secured Fully Floating Instruments Conditions apply) forming part of the Entitlement is not possible for a specified period of time, then the Security Agent, or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent), in lieu of physical settlement, may sell or realise such undeliverable Static Collateral Assets or Collateral Assets, as applicable, and deliver the proceeds thereof to Holders.

16. **Replacement of Collateral Arrangement Parties**

Each of the Collateral Transaction Documents contains, or will contain, provisions for the termination of such agreement and, as the case may be, the removal or replacement of the role of the relevant party appointed thereunder (each a "**Collateral Arrangement Party**"). Any such termination, removal and/or replacement will be effected in accordance with the provisions of such agreements and (other than in respect of the Custodian or the Collateral Agent) the Secured Instruments Conditions and may be effected without the consent of Holders. No such termination or removal shall be effective until a replacement entity has been appointed. The Secured Instruments Valuation Agent shall be required to give notice to Holders of any such termination, removal and/or replacement.

A replacement Collateral Arrangement Party may only be appointed when the following conditions are fulfilled: the replacement Collateral Arrangement Party (other than the replacement Custodian or Collateral Agent): (i) is an institution incorporated and in good standing in the United States of America or one of the States thereof or in a state which is, as at the date of the relevant Collateral Transaction Document, a member state of the European Union or the United Kingdom; (ii) has the requisite resources and legal capacity to perform the duties imposed upon the relevant existing Collateral Arrangement Party under the relevant Collateral Transaction Document and is a recognised provider of the services provided by such Collateral Arrangement Party; (iii) is legally qualified and has the capacity to act as successor to the relevant Collateral Arrangement Party on the terms of the relevant Collateral Transaction Document; and (iv) whose performance of its duties under the relevant Collateral Transaction Document will not

cause the Issuer and/or Secured Instruments Collateral Provider to become subject to tax in any jurisdiction where such successor is incorporated, established, doing business, has a permanent establishment or is otherwise considered a tax resident.

The Security Agency Agreement contains, or will contain, provisions for the termination of such agreement and the removal or replacement of the Security Agent appointed thereunder. Any such termination, removal and/or replacement will be effected in accordance with the provisions of the Security Agency Agreement and may be effected without the consent of Holders. No such termination or removal shall be effective until a replacement Security Agent has been appointed.

ANNEX C

**PART A – AMENDED AND RESTATED SECURED FULLY FLOATING INSTRUMENTS
CONDITIONS**

This section indicates the amended and restated text which will be inserted in the Original Offering Circular such that all red text will be inserted into, and all struck-out text will be deleted from the Original Offering Circular

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ANNEX 14

ADDITIONAL TERMS AND CONDITIONS FOR SECURED FULLY FLOATING INSTRUMENTS

1. Interpretation

If this Annex 14 is specified as applicable in the applicable Final Terms, the terms and conditions applicable to: (a) Secured Notes shall comprise the terms and conditions of the Notes (the "**Notes Conditions**") and the Additional Terms and Conditions for Secured Fully Floating Instruments set out below (the "**Secured Fully Floating Instruments Conditions**"), and (b) Secured W&C Instruments shall comprise the terms and conditions of the W&C Instruments (the "**W&C Instruments Conditions**") and the Secured Fully Floating Instruments Conditions, in each case, subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the Note Conditions, in the case of Secured Notes, or the W&C Instruments Conditions, in the case of Secured W&C Instruments and the Secured Fully Floating Instruments Conditions, the Secured Fully Floating Instruments Conditions shall prevail. In the event of any inconsistency between (a) the Notes Conditions or the W&C Instruments Conditions and/or the Secured Fully Floating Instruments Conditions and (b) the applicable Final Terms, the applicable Final Terms shall prevail. References in the Secured Fully Floating Instruments Conditions to "Secured Instrument" and "Secured Instruments" shall be deemed to be references to "Secured Note" and "Secured Notes" or "Secured W&C Instrument" and "Secured W&C Instruments" as the context admits.

For the avoidance of doubt, where this Annex 14 applies, the terms of Annex 13 shall not apply to the Secured W&C Instruments.

2. Definitions

For the purposes of these Secured Fully Floating Instruments Conditions:

"**Acceleration Event**" has the meaning given to it in Secured Fully Floating Instruments Condition 4.8.1.

"**Acceleration Instruction**" has the meaning given to it in Secured Fully Floating Instruments Condition 4.8.2.

"**Acceleration Notice**" means a notice substantially in the form of Part 1 of Schedule 22 of the English Law Agency Agreement delivered by a Holder of any Non-Waived Instrument to the relevant Instrument Agent:

- (a) specifying that a Secured Instrument Event of Default has occurred and is continuing in respect of such Non-Waived Instrument;
- (b) instructing the Security Agent to deliver the notices specified in Secured Fully Floating Instruments Condition 6.1;
- (c) instructing the Security Agent to enforce the security constituted by the relevant ~~Deed of Charge~~Security Agreements and distribute the proceeds (and, if applicable, physically settle the Entitlement), in each case, in accordance with these Secured Fully Floating Instruments Conditions and the terms of the relevant ~~Deed of Charge~~Security Agreements and the Security Agency Agreement;
- (d) instructing the Security Agent to appoint a Disposal Agent, if a Disposal Agent has not already been appointed, and provide instructions to the Disposal Agent in accordance with these Secured Fully Floating Instruments Conditions; and
- (e) instructing the Security Agent to perform any further actions of the Security Agent specified in these Secured Fully Floating Instruments Conditions, the relevant ~~Deed of Charge~~Security Agreements and the Security Agency Agreement or any reasonably incidental actions,

provided that the Security Agent shall not be bound by any such instruction until it receives an Acceleration Instruction in accordance with Secured Fully Floating Instruments Condition 4.8.2.

Any Acceleration Notice shall be in writing and delivered to the Issuer and the relevant Instrument Agent and shall include such details as are necessary to establish and verify the Non-Waived Instruments held by the Holder delivering such notice.

"**Affiliate**" means in relation to any entity (the "**First Entity**"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "**control**" means ownership of a majority of the voting power of an entity.

"**Bilateral Deed of Charge**" means a deed of charge governed by English law between the Secured Instruments Collateral Provider and the Security Agent under which:

(a) the Secured Instruments Collateral Provider charges by way of first fixed charge its rights and title in the Segregated Collateral Assets in favour of the Security Agent on behalf of itself and the other Secured Parties in accordance with the Security Agency Agreement; and

(b) the Secured Instruments Collateral Provider assigns by way of security its rights, title and interest in the Segregated Collateral Accounts (including, without limitation, any contractual rights, interests or claims relating to such Segregated Collateral Accounts) and the Charged Documents in favour of the Security Agent on behalf of itself and the other Secured Parties in accordance with the Security Agency Agreement.

"**Cash**" means the money and currency of any jurisdiction which the Collateral Agent accepts for deposit in a Collateral Account.

"**Charged Documents**" means each of the Secured Instruments Collateral Provider Agreement, the Valuation Agency Agreement and the relevant Triparty Account Control Agreement.

"**Collateral AccountAccounts**" has the meaning given to it in Secured Fully Floating Instruments Condition 4.1.

"**Collateral Agent**" means The Bank of New York Mellon, London Branch (or any substitute or replacement entity appointed in respect thereof pursuant to the terms of the relevant Triparty Account Control Agreement), and, if applicable, any sub-agent of, or any other entity appointed by the Collateral Agent.

"**Collateral Agent Notice**" means a notice (which may be given in any form agreed between the Secured Instruments Collateral Provider and the Collateral Agent, including but not limited to, electronic message, exchange of electronic files or by telephone) from the Collateral Agent to the Secured Instruments Collateral Provider providing details of why the Collateral Agent considers that the Collateral Test is not satisfied in respect of a Collateral Test Date or that the Collateral Test will not be satisfied (or will no longer be satisfied) after taking into account any adjustments specified in a Collateral Test Notice.

"**Collateral Assets**" means, in respect of a Series of Secured Instruments, Eligible Collateral Assets that are (a) Delivered into and held in ~~the~~ Segregated Collateral Account relating to such Series of Secured Instruments: (the "**Segregated Collateral Assets**") and (b) Korean law governed securities (the "**Korean Securities**") which are held in the Korean Securities Account and are registered as pledged (the "**Korean Pledged Securities**") (if applicable).

"**Collateral Assets Table**" means the table specified as such in the applicable Final Terms.

"**Collateral Arrangement Party**" means the Secured Instruments Collateral Provider, the Collateral Agent, the Custodian and the Secured Instruments Valuation Agent.

"**Collateral Business Day**" means a day:

(a) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London; and

(b) the offices of the Collateral Agent in London are open for business.

"Collateral Disruption Event" means either:

- (a) the Secured Instruments Collateral Provider and/or any of its Affiliates considers, acting in good faith and in a commercially reasonable manner, that it:
 - (i) is unable, as a result of any legal, contractual or other restrictions or constraints (including, without limitation, any laws, regulations, court orders, other governmental or regulatory constraints), adverse market conditions or a lack of liquidity in the market or otherwise, after using commercially reasonable efforts to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) or any futures or option contracts it deems necessary to obtain Eligible Collateral Assets; or (B) freely realise, recover, remit, receive, re-patriate or transfer the proceeds of any such transactions(s) or assets(s) or futures or option contract(s) or any relevant hedge positions relating to the Eligible Collateral Assets; or
 - (ii) would incur a materially increased (as compared with circumstances existing on the date on which the issue of a Series of Secured Instruments is first priced) amount of tax, duty, expense, fee (other than brokerage commissions) or other relevant cost (including, for the avoidance of doubt, any funding cost) to (A) acquire, borrow, substitute, or dispose of any Eligible Collateral Assets, (B) establish, re-establish, substitute, maintain, unwind or dispose of any transaction entered into by the Secured Instruments Collateral Provider or any of its Affiliates in connection with the Eligible Collateral Assets or (C) realise, recover or remit the proceeds of any such Eligible Collateral Assets; or
- (b) the Issuer is unable, after using commercially reasonable efforts, to find a suitable substitute or replacement Collateral Arrangement Party following the termination of the relevant agreement or resignation or removal for any reason of a Collateral Arrangement Party; or
- (c) the Secured Instruments Collateral Provider considers, in good faith and in a commercially reasonable manner, that a Collateral Settlement Disruption has occurred.

"Collateral Enforcement Notice" means a notice in writing from the Security Agent (acting in accordance with an Acceleration Instruction) to the Issuer, the Secured Instruments Collateral Provider and the relevant Instrument Agent in or substantially in the form annexed to the relevant Deed of Charge:

- (a) specifying that a Series of Secured Instruments are immediately due and repayable at their Early Redemption/Settlement Amount (and, where "Physical Delivery of Collateral Assets" is specified to be applicable in the applicable Final Terms and except where the Series of Secured Instruments are Rule 144A Instruments, that such Secured Instruments will be subject to settlement in accordance with Secured Fully Floating Instruments Condition 6.8); and
- (b) enforcing the security constituted by the relevant Deed of Charge Security Agreements in accordance with the terms thereof and the terms of these Secured Fully Floating Instruments Conditions and the Security Agency Agreement.

"Collateralisation Percentage" means the percentage level specified as such in the applicable Final Terms. The applicable Final Terms may specify a different Collateralisation Percentage in respect of different Collateral Test Dates.

"Collateral Enforcement Proceeds" means the net proceeds of realisation of, or enforcement with respect to, the relevant Collateral Assets in a Collateral Pool and the security constituted by the relevant Deed of Charge Security Agreements following payment of all amounts payable to the Secured Parties ranking prior to the Holders of Non-Waived Instruments in accordance with the Order of Priority specified in the applicable Final Terms.

"Collateral Enforcement Proceeds Share" means, in respect of a Series of Secured Instruments, the *pro rata* share of the Collateral Enforcement Proceeds attributable to each Non-Waived Instrument in such Series of Secured Instruments.

"Collateral Pool" means, in respect of a Series of Secured Instruments, ~~at~~ the pool of Collateral Assets ~~held in a Collateral Account and~~ over which ~~a fixed charge~~ security is granted pursuant to the relevant Deed of Charge Security Agreements.

"Collateral Settlement Disruption" means any event (including, but not limited to, as a result of a failure or inability of the relevant Clearing System to clear the relevant Eligible Collateral Assets) beyond the control of the Secured Instruments Collateral Provider and/or its Affiliates as a result of which Eligible Collateral Assets have not been settled into the Custodian Account and/or the Korean Securities Account (as applicable) within the regular settlement period for such Eligible Collateral Assets under normal market conditions.

"Collateral Test" means, in respect of a Collateral Pool and a Collateral Test Date (and the Collateral Test will be satisfied if), a determination by the Collateral Agent as to whether the Collateral Value in respect of such Collateral Test Date is greater than or equal to the Required Collateral Value in respect of such Collateral Test Date. When determining whether the Collateral Test is satisfied, on a Collateral Test Date:

- (a) the Collateral Pool on the Collateral Test Date shall be included for such determination;
- (b) Eligible Collateral Assets for which instructions for the transfer to the relevant Collateral AccountAccounts have been provided on or before such Collateral Test Date in the Collateral Test Notice for such Collateral Test Date will be included for ~~the purposes of~~ such determination to the extent such Eligible Collateral Assets have not been transferred and are not part of the Collateral Pool on the Collateral Test Date; and
- (c) Collateral Assets for which instructions for the removal from the relevant Collateral AccountAccounts have been provided (or, in the case of Korean Pledged Securities, instructions for the removal of the pledge from the register in respect of such Korean Pledged Securities) on or before such Collateral Test Date will be excluded for the purposes of such determination if such Collateral Assets have not been transferred out of the relevant Collateral Accounts and/or released from the relevant pledge (as the case may be) on such Collateral Test Date.

"Collateral Test Date" means, in respect of a Collateral Pool, the Issue Date of the relevant Series of Secured Instruments which are secured by such Collateral Pool and each Collateral Business Day falling in the period from, but excluding, the Issue Date of such Secured Instruments and ending on, and including, the final Valuation Date, ObservationBusiness Day immediately preceding the Settlement Date or AveragingFinal Redemption Date (as applicable) of such Secured Instruments;).

"Collateral Test Notice" means a notice sent or caused to be sent by the Secured Instruments Collateral Provider to the Collateral Agent in relation to a particular Collateral Pool specifying the Required Collateral Value for such Collateral Pool in respect of the relevant Collateral Test Date (and such notice may (but is not required to) include specific adjustments to be made to the Collateral Pool (including *inter alia* the type and quantity of any Eligible Collateral Assets to be deposited or registered and/or Collateral Assets to be removed or released)).

"Collateral Transaction Documents" means the Secured Instruments Collateral Provider Agreement, the Custodian Agreement to the extent to which it relates to the Collateral Accounts, the Valuation Agency Agreement, the Security Agency Agreement ~~and,~~ each relevant Deed of ChargeSecurity Agreement and the Triparty Account Control Agreement.

"Collateral Valuation Currency" means the currency specified as such in the applicable Final Terms.

"Collateral Valuation Time" means on or around the opening of the relevant Collateral Business Day or such other time as the Collateral Agent determines the Collateral Value on the relevant Collateral Test Date.

"Collateral Value" means, in respect of a Collateral Pool and a Collateral Test Date, an amount expressed in the Collateral Valuation Currency equal to the sum of the Margin Value of each Eligible Collateral Asset in such Collateral Pool on such Collateral Test Date, as determined by the Collateral Agent.

If "Collateral Valuation at Nominal Value" is specified to be applicable in the applicable Final Terms, the Collateral Value shall be deemed to be equal to an amount expressed in the Collateral Valuation Currency equal to the aggregate nominal amount of the Collateral Assets constitutingconsisting of Eligible Collateral Assets heldcomprised in asuch Collateral Pool on such Collateral Test Date, as determined by the Collateral Agent. Where the relevant currency or denomination of an Eligiblea

Collateral Asset is other than the Collateral Valuation Currency, the Secured Instruments Valuation Agent shall convert the nominal amount of such Collateral Asset at the relevant spot rate or spot rates in accordance with such method and as at such time as the Secured Instruments Valuation Agent may select in its discretion, having regard to then-current rates of exchange, and shall notify the Collateral Agent of such converted amount.

"**Custodian**" means The Bank of New York Mellon, London Branch (or any substitute or replacement entity appointed in respect thereof pursuant to the terms of the Custodian Agreement) and, if applicable, any sub-custodian of, or any other entity appointed by the Custodian.

"Custodian Account" has the meaning given to it in the Custodian Agreement.

"**Custodian Agreement**" means the agreement between, *inter alia*, The Bank of New York Mellon, London Branch as Custodian and the Secured Instruments Collateral Provider as amended, restated and/or supplemented from time to time.

"**Deed of Charge**" means ~~a deed~~the relevant Bilateral Deed of ~~charge governed by English law between the Secured Instruments Collateral Provider and the Security Agent under which:~~

~~1. the Secured Instruments Collateral Provider charges by way of~~Charge or Triparty Deed of ~~first fixed charge its rights and title in the Collateral Assets contained in one or more Collateral Accounts in favour of the Security Agent on behalf of itself and the other Secured Parties in accordance with the Security Agency Agreement; and~~Charge (as applicable).

~~(e) the Secured Instruments Collateral Provider assigns by way of security its rights, title and interest in the Collateral Accounts (including, without limitation, any contractual rights, interests or claims relating to such Collateral Accounts) and the Charged Documents in favour of the Security Agent on behalf of itself and the other Secured Parties in accordance with the Security Agency Agreement.~~

"**Deliver**" means to deliver, novate, transfer, credit to, assign or sell, as appropriate, in a manner customary for the settlement of the applicable Collateral Asset (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the Collateral Asset free and clear of any and all liens, charges, claims or encumbrances. "**Delivery**" and "**Delivered**" will be construed accordingly.

"**Disposal Agent**" means any agent appointed by the Security Agent to realise, dispose of and, if applicable, physically settle Collateral Assets held in the Collateral Account(s) securing the relevant Series of Secured Instruments (or any substitute or replacement entity appointed in respect thereof) following the delivery of a Collateral Enforcement Notice and, if applicable, any sub-agent of, or any other entity appointed by the Disposal Agent.

"**Early Redemption/Settlement Amount**" means, in respect of a Secured Instrument, an amount in the Specified Currency (in respect of Secured Notes) or Settlement Currency (in respect of Secured W&C Instruments) equal to:-

(a) the greater of zero and the fair market value of such Secured Instrument, less the costs to the Issuer and/or its Affiliates or agents of unwinding any underlying related hedging arrangements (including any costs of funding in respect of such hedging arrangements) in respect of such Secured Instrument, each as determined by the Secured Instruments Valuation Agent, acting in good faith and in a commercially reasonable manner. The fair market value of such Secured Instrument shall be calculated by reference to such factors as the Secured Instruments Valuation Agent considers to be appropriate including, without limitation:

~~(a)~~(i) market prices or values for any underlying asset(s) to which the Secured Instruments are linked and other relevant economic variables (such as interest rates and, if applicable, exchange rates) at the relevant time;

~~(i)~~(ii) the remaining term of the Secured Instruments until, in respect of Secured Notes, their scheduled maturity date and final redemption, or, in respect of Secured W&C Instruments, their scheduled exercise and final settlement;

~~(ii)~~(iii) internal pricing models; and

~~(iii)~~(iv) prices at which other market participants might bid for securities similar to the Secured Instruments; and

(b) if the Secured Instruments are not linked to a Reference Item, the Specified Denomination of such Secured Instruments.

"**Eligibility Criteria**" means, in relation to a Series of Secured Instruments and an Eligible Collateral Class, each of the criteria that is specified to be applicable in the row of the Collateral Assets Table set out in the applicable Final Terms corresponding to such Eligible Collateral Class, save that, even if not specified in the row of the Collateral Assets Table set out in the applicable Final Terms corresponding to such Eligible Collateral Class, no issuer in respect of any Collateral ~~Asset~~Assets shall be incorporated in the United Kingdom and no payment with respect to, or in connection with, any Collateral ~~Asset~~Assets shall have a United Kingdom source, unless such Series of Secured Instruments are listed on a recognised stock exchange.

Notwithstanding the Eligibility Criteria specified to be applicable in the applicable Final Terms in respect of a Series of Secured Instruments, the Collateral Agent shall be obliged to refer only to the terms of the relevant Triparty Account Control Agreement in determining whether the MTM Collateral Assets comply with the eligibility criteria set out in the relevant Triparty Account Control Agreement.

Notwithstanding the foregoing, if "Only Initial Collateral Assets are Eligible" is specified to be applicable in the applicable Final Terms, the only ~~Collateral Assets~~assets that will be deemed to meet the Eligibility Criteria of each Eligible Collateral Class will be those which are of the same type as any of the Collateral Assets~~assets~~ delivered into the Collateral Account(s) on the Issue Date.

"**Eligible Collateral Assets**" means Cash and assets which satisfy all of the Eligibility Criteria applicable to an Eligible Collateral Class. Assets which satisfy all of the Eligibility Criteria that are specified to be applicable to an Eligible Collateral Class will be Eligible Collateral Assets notwithstanding that such assets do not satisfy the Eligibility Criteria applicable to another Eligible Collateral Class.

"**Eligible Collateral Class**" means the Eligibility Criteria that are specified to be applicable in a row of the Collateral Asset Table set out in the applicable Final Terms and which together define a class or type of Eligible Collateral Assets.

"**Extraordinary Security Agent Liabilities**" means Liabilities incurred by the Security Agent and, where applicable, the Disposal Agent, in the event that the Security Agent determines, acting reasonably, that it is necessary or is requested by the Issuer, the Secured Instruments Collateral Provider or any Secured Party to undertake duties which are of an exceptional nature or otherwise outside the scope of the duties of the Security Agent and, where applicable, the Disposal Agent, under the Security Agency Agreement, ~~the Deed of Charge~~any relevant Security Agreement and the Secured Fully Floating Instruments Conditions.

"**Instrument Agents**" means:

- (a) in respect of Secured Instruments that are Secured Notes, the Paying Agents; and
- (b) in respect of Secured Instruments that are Secured W&C Instruments, the Principal W&C Instrument Agent,

and, each an "**Instrument Agent**".

"**Korean Law Security Agreement**" means a pledge agreement governed by the laws of the Republic of Korea between the Secured Instruments Collateral Provider and the Security Agent under which the Secured Instruments Collateral Provider creates a first priority continuing security interest (*Kun Jil Kwon*) over all its rights and title in the Korean Pledged Securities (as defined therein) in favour of the Security Agent.

"**Korean Securities Account**" means a local securities account of the Secured Instruments Collateral Provider held at the Korean sub-custodian designated by the Custodian.

"Korean Securities" means securities that are listed, traded or dealt on the Korean Exchange.

"Liability" means, for the purposes of these Secured Fully Floating Instruments Conditions, any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis (and **"Liabilities"** shall be construed accordingly).

"Margin Percentage" means, in respect of a Collateral Asset, the percentage amount specified in the row of the Collateral Assets Table set out in the applicable Final Terms corresponding to the Eligible Collateral Class of such Collateral Asset contained in a Collateral Pool. For the avoidance of doubt, the applicable Final Terms shall specify one Margin Percentage value per Eligible Collateral Class.

"Margin Value" means, in respect of ~~an Eligible~~ Collateral Asset in a Collateral Pool on a Collateral Test Date, an amount equal to the quotient of (a) the Market Value of such ~~Eligible~~ Collateral Asset for such Collateral Test Date, divided by (b) the Margin Percentage applicable to such ~~Eligible~~ Collateral Asset, as determined by the Collateral Agent.

"Market Value" means, in respect of a Collateral Test Date and ~~an Eligible~~ Collateral Asset in a Collateral Pool that is:

~~(e)~~(a) a security, an amount expressed in the Collateral Valuation Currency calculated by the Collateral Agent in its sole discretion as the sum of:

- (i) the market value of such ~~Eligible~~ Collateral Asset in respect of such Collateral Test Date as determined by the Collateral Agent in its sole and absolute discretion based on the most recently available closing bid price (traded or quoted excluding accrued interest in respect of ~~an Eligiblesuch~~ Collateral Asset that is a fixed income debt security) for such ~~Eligible~~ Collateral Asset made available to the Collateral Agent as at the Collateral Valuation Time on such Collateral Test Date. The closing bid price used for these purposes will usually be the closing bid price in respect of the trading day for such ~~Eligible~~ Collateral Asset immediately preceding such Collateral Test Date displayed as of the Collateral Valuation Time on pricing information services used generally by the Collateral Agent for pricing such ~~Eligible~~ Collateral Assets, provided that if the Collateral Agent is unable to obtain the closing bid price of such ~~Eligible~~ Collateral Asset from such pricing information services as of the Collateral Valuation Time on such Collateral Test Date, then the market value shall be determined in good faith by the Collateral Agent in the reasonable exercise of its discretion based on information furnished to the Collateral Agent by one or more brokers in such ~~Eligible~~ Collateral Asset or on the basis of a formula utilised by the Collateral Agent for such purpose in the ordinary course of its business; plus
- (ii) in respect of ~~an Eligible~~ Collateral Asset that is a fixed income debt security, accrued but unpaid distributions (if any) on such ~~Eligible~~ Collateral Asset; or

~~(d)~~(b) Cash, an amount expressed in the Collateral Valuation Currency equal to its nominal or face amount,

in each case, where the relevant currency or denomination of ~~an Eligible~~ Collateral Asset is other than the Collateral Valuation Currency, the Secured Instruments Valuation Agent shall convert the value of such Collateral Asset (or other relevant values) at the relevant spot rate or spot rates in accordance with such method and as at such time as the Secured Instruments Valuation Agent may select in its discretion, having regard to then-current rates of exchange, and shall notify the Collateral Agent of such converted value.

"Non-Waived Instruments" means, in relation to a Series of Secured Instruments and any relevant date, those Secured Instruments which are not Waived Instruments on such date.

"Notice of Exclusive Control" means a notice in writing given in accordance with (and in or substantially in the form annexed to) the relevant Triparty Account Control Agreement from the Security Agent (acting in accordance with an Acceleration Instruction) to the Collateral Agent specifying that the Collateral Agent act solely upon the instructions of the Security Agent with respect to the ~~relevant Segregated~~ Collateral Account(s) and the Korean Pledged Securities and instructing the Collateral Agent to deliver

the Collateral Assets held in such Segregated Collateral Account ~~Accounts~~ or which are Korean Pledged Securities to the Security Agent.

"Notice of Intended Enforcement" means a notice in writing given in accordance with (and in or substantially in the form annexed to) the relevant Triparty Account Control Agreement from the Security Agent (acting in accordance with an Acceleration Instruction) to the Korean sub-custodian instructing the Korean sub-custodian to deliver the Korean Pledged Securities held in the Korean Securities Account to the securities account of the Security Agent (as specified therein).

"Notional Amount" has the meaning given to it in W&C Instruments Condition 4.

"Order of Priority" means the order specified in the applicable Final Terms following which the Security Agent shall apply moneys received following enforcement of the relevant ~~Deed of Charge and the Charged Documents~~ Security Agreements in accordance with Secured Fully Floating Instruments Condition 6 below. The Order of Priority may be the Standard Order of Priority (as defined below) or any alternative order of item (c), (d) and (e) below, as specified in the applicable Final Terms (provided that items (a) and (b) shall always be the first and second items in the Order of Priority).

- (a) in from time to time setting aside Security Agent Amounts which the Security Agent will apply in settlement of Security Agent Liabilities and from which the Security Agent may apply in settlement of Extraordinary Security Agent Liabilities;
- (b) on a *pro rata* and *pari passu* basis, in payment or satisfaction of all Liabilities incurred by or payable by the Issuer and/or the Secured Instruments Collateral Provider, in relation to the relevant Secured Instruments, to the Security Agent and, where applicable, the Disposal Agent (which shall include any taxes required to be paid, the costs of realising any security (including the distribution of enforcement proceeds and/or, where "Physical Delivery of Collateral Assets" is applicable, Delivery of the Entitlement to the Holders of the related Secured W&C Instruments) and the remuneration of the Security Agent and, where applicable, the Disposal Agent); such amounts together the **"Security Agent Liabilities"**;
- (c) in payment of any amounts due to be paid or reimbursed to the Collateral Agent by the Secured Instruments Collateral Provider;
- (d) in payment of any amounts due to Holders of Non-Waived Instruments in accordance with Secured Fully Floating Instruments Condition 6 below;
- (e) *pro rata* in payment of any amounts owed to the creditors (if any) whose claims have arisen as a result of the creation, operation or liquidation of the Collateral Assets (save to the extent that the claims of any such creditor fall within paragraphs (a) to (d) above); and
- (f) payment of the balance (if any) to the Secured Instruments Collateral Provider,

and the **"Standard Order of Priority"** means that the Order of Priority shall follow the order (a), (b), (c), (d), (e), (f) specified above.

"Physical Delivery of Collateral Assets Disruption Event" means any event beyond the control of the Issuer, the Secured Instruments Collateral Provider, the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent), as applicable, as a result of which the Physical Delivery Clearing System cannot Deliver some or all of the Entitlement required to be delivered pursuant to the terms of these Secured Fully Floating Instruments Conditions.

"Physical Delivery Clearing System" means, in respect of Secured Notes, the relevant Clearing System of the securities account specified by a Holder in accordance with Physical Notes Condition 2 (*Delivery of Entitlement and Asset Transfer Notices*) or, in respect of Secured W&C Instruments, it has the meaning given to it in W&C Instruments Condition 25(C)(b) or 31(A) (as applicable).

"Relevant Number" means:

- (a) in respect of Secured Instruments that are Secured Notes, the aggregate principal amount outstanding of Non-Waived Instruments of a Series of Secured Instruments divided by the

specified denomination of each Non-Waived Instrument of such Series of Secured Instruments;
and

- (b) in respect of Secured Instruments that are Secured W&C Instruments, the number of Non-Waived Instruments of a Series of Secured Instruments.

"Required Collateral Default" means, following receipt by the Secured Instruments Collateral Provider of a Collateral Agent Notice which indicates that the Collateral Test is not satisfied (or will not be satisfied after taking into account any adjustments specified in a Collateral Test Notice);

(a) the Secured Instruments Collateral Provider fails to instruct the Collateral Agent to transfer sufficient additional Eligible Collateral Assets ~~into the Collateral Account to satisfy the Collateral Test and/or Deliver the~~;

(b) the additional necessary Eligible Collateral Assets ~~are not Delivered into the relevant Collateral Account on the next Collateral Business Day; and/or~~

(c) ~~in the case of Eligible Collateral Assets held in the Korean Securities Account, the Secured Instruments Collateral Provider fails to instruct the Collateral Agent to register the pledge and/or such pledge is not registered.~~

and such failure results in the Collateral Test not being satisfied for one Collateral Business Day following the delivery of such Collateral Agent Notice ~~(when determining whether the Collateral Test has been so satisfied, only Collateral Assets which have actually been transferred to the relevant Collateral Account shall be taken into account).~~;

"Required Collateral Default Notice" means a notice (which may be given in any form agreed between the Collateral Agent and the Secured Instruments Collateral Provider, including but not limited to, electronic message, exchange of electronic files or by telephone) given in accordance with the relevant Triparty Account Control Agreement by the Collateral Agent to the Secured Instruments Collateral Provider and the Security Agent, specifying that a Required Collateral Default has occurred.

"Required Collateral Value" means, in respect of a Collateral Pool and a Collateral Test Date:

- (a) if "MV Collateralisation" is specified as the "Type of Collateralisation" in the applicable Final Terms, the product of (i) the Collateralisation Percentage, multiplied by (ii) the Secured Instrument Market Value in respect of the Secured Instrument Valuation Time for such Collateral Test Date of the relevant Series of Secured Instruments, multiplied by (iii) the Relevant Number of outstanding Non-Waived Instruments of such Series of Secured Instruments;
- (b) if "NV Collateralisation" is specified as the "Type of Collateralisation" in the applicable Final Terms, the product of (i) the Collateralisation Percentage, multiplied by (ii) (A) in respect of Secured Instruments that are Secured Notes, the total aggregate principal amount of the Non-Waived Instruments of such Series of Secured Instruments or (B) in respect of Secured Instruments that are Secured W&C Instruments, the sum of the Notional Amount of each outstanding Non-Waived Instrument of such Series of Secured Instruments;
- (c) if "Min (MV, NV) Collateralisation" is specified as the "Type of Collateralisation" in the applicable Final Terms, the lower of:
- (i) the product of (A) the Collateralisation Percentage, multiplied by (B) the Secured Instrument Market Value in respect of the Secured Instrument Valuation Time for such Collateral Test Date of the relevant Series of Secured Instruments, multiplied by (C) the Relevant Number of outstanding Non-Waived Instruments of such Series of Secured Instruments; and
 - (ii) the product of (A) the Collateralisation Percentage, multiplied by (B) (I) in respect of Secured Instruments that are Secured Notes, the total aggregate principal amount of the Non-Waived Instruments of such Series of Secured Instruments or (II) in respect of Secured Instruments that are Secured W&C Instruments, the sum of the Notional Amount of each outstanding Non-Waived Instrument of such Series of Secured Instruments; or

- (d) if "Max (MV, NV) Collateralisation" is specified as the "Type of Collateralisation" in the applicable Final Terms, the greater of:
- (i) the product of (A) the Collateralisation Percentage, multiplied by (B) the Secured Instrument Market Value in respect of the Secured Instrument Valuation Time for such Collateral Test Date of the relevant Series of Secured Instruments, multiplied by (C) the Relevant Number of outstanding Non-Waived Instruments of such Series of Secured Instruments; and
 - (ii) the product of (A) the Collateralisation Percentage, multiplied by (B) (I) in respect of Secured Instruments that are Secured Notes, the total aggregate principal amount of the Non-Waived Instruments of such Series of Instruments or (II) in respect of Secured Instruments that are Secured W&C Instruments, the sum of the Notional Amount of each outstanding Non-Waived Instrument of such Series of Secured Instruments.

"Secured Parties" means the parties referred to in sub-paragraphs (a) to (f) (inclusive) of the definition of Order of Priority (each, a **"Secured Party"**).

"Secured Instruments Collateral Provider" means Merrill Lynch International (or any substitute or replacement entity appointed in respect thereof pursuant to the terms of the Secured Instruments Collateral Provider Agreement and/or these Secured Fully Floating Instruments Conditions) and, if applicable, any sub-agent of, or any other entity appointed by the Secured Instruments Collateral Provider.

"Secured Instruments Collateral Provider Agreement" means the agreement between, *inter alia*, Merrill Lynch International as Secured Instruments Collateral Provider and the Issuer as amended, restated and/or supplemented from time to time.

"Secured Instrument Event of Default" has the meaning given in Secured Fully Floating Instruments Condition 4.8.

"Secured Instrument Market Value" means, in respect of a Series of Secured Instruments in relation to which "MV Collateralisation", "Min (MV, NV) Collateralisation" or "Max (MV, NV) Collateralisation" is applicable and a Collateral Test Date, the amount determined by the Secured Instruments Valuation Agent as the market value applicable to (a) in respect of Secured Instruments that are Secured Notes, the principal amount of each Non-Waived Instrument (equal to the specified denomination of each Non-Waived Instrument) of such Series of Secured Instruments or (b) in respect of Secured Instruments that are Secured W&C Instruments, each Non-Waived Instrument of such Series of Secured Instruments, each as of the Secured Instrument Valuation Time for such Collateral Test Date, which shall be calculated by reference to such factors as the Secured Instruments Valuation Agent considers to be appropriate including, without limitation:

- (i) market prices or values for any underlying asset(s) to which the Secured Instruments are linked and other relevant economic variables (such as interest rates and, if applicable, exchange rates) at the relevant time;
- (ii) the remaining term of the Secured Instruments until, in respect of Secured Notes, their scheduled maturity date and final redemption, or, in respect of Secured W&C Instruments, their scheduled exercise and final settlement;
- (iii) internal pricing models; and
- (iv) prices at which other market participants might bid for securities similar to the Secured Instruments.

"Secured Instruments Valuation Agent" means Merrill Lynch International (or any substitute or replacement entity (including any Replacement Secured Instruments Valuation Agent) appointed in respect thereof pursuant to the terms of the Valuation Agency Agreement and/or these Secured Fully Floating Instruments Conditions) and, if applicable, any sub-agent of, or any other entity appointed by the Secured Instruments Valuation Agent.

"Secured Instrument Valuation Date" means, in respect of a Collateral Test Date, the Collateral Business Day immediately preceding such Collateral Test Date, or, if a valuation of the relevant Secured W&C Instrument is not available on such date, the date of the last available valuation of such Secured W&C Instrument.

"Secured Instrument Valuation Time" means, in respect of a Collateral Test Date, the close of trading in the relevant markets on the Secured Instrument Valuation Date for such Collateral Test Date, as determined by the Secured Instruments Valuation Agent, acting in good faith and in a commercially reasonable manner .

"Security Agent" means The Bank of New York Mellon (or any substitute or replacement entity appointed in respect thereof pursuant to the terms of the relevant Security Agency Agreement and/or these Secured Fully Floating Instruments Conditions).

"Security Agency Agreement" means the Security Agency Agreement governed by New York law between the Security Agent, the Secured Instruments Collateral Provider and the Issuer as amended, restated and/or supplemented from time to time.

"Security Agent Amounts" means such amounts as the Security Agent from time to time determines, acting reasonably, that it shall require in order to satisfy any Extraordinary Security Agent Liabilities, having regard to any amounts received pursuant to Clause 2.6(d) (*Exculpatory Provisions*) of the Security Agency Agreement.

"Security Agreement" means, for each Series of Secured Instruments, the Deed of Charge and, where executed in respect of such Series of Secured Instruments, the Korean Law Security Agreement or any other additional security document in respect of such Series of Secured Instruments which creates or purports to create security in favour of the Security Agent on behalf of itself and the other Secured Parties in accordance with the Security Agency Agreement.

"Triparty Account Control Agreement" means the agreement to be entered into between the Collateral Agent, the Secured Instruments Collateral Provider and the Security Agent on each Issue Date specified in the applicable Final Terms for a Series of Secured W&C Instruments, as amended, restated and/or supplemented from time to time.

"Triparty Deed of Charge" means a triparty deed of charge governed by English law between the Secured Instruments Collateral Provider, the Security Agent and the Issuer under which:

- (a) the Secured Instruments Collateral Provider charges by way of first fixed charge its rights and title in the Segregated Collateral Assets in favour of the Security Agent on behalf of itself and the other Secured Parties in accordance with the Security Agency Agreement;
- (b) the Secured Instruments Collateral Provider assigns by way of security its rights, title and interest in the Segregated Collateral Accounts (including, without limitation, any contractual rights, interests or claims relating to such Segregated Collateral Accounts) and the Charged Documents in favour of the Security Agent on behalf of itself and the other Secured Parties in accordance with the Security Agency Agreement; and
- (c) the Issuer irrevocably and unconditionally undertakes to pay the Security Agent as the Secured Party, in its own right and not as agent of any other Secured Parties, sums equal to and in the currency of any amounts payable by the Issuer to any Secured Parties in respect of the Secured Obligations as and when those amounts are due, as set out under the parallel debt provisions in the Triparty Deed of Charge and subject to the proviso therein (the **"Parallel Debt"**).

"Undeliverable Collateral Assets" means Collateral Assets which the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) is unable to deliver in accordance with Secured Fully Floating Instruments Condition 6.8 due to the occurrence of a Physical Delivery of Collateral Assets Disruption Event.

"Valuation Agency Agreement" means the agreement between, *inter alia*, the Secured Instruments Valuation Agent and the Issuer as amended, restated and/or supplemented from time to time.

"Waived Instrument" means all Secured Instruments held by the Issuer or its Affiliates, including but not limited to, in its capacity as market maker (if applicable), and, in respect of each such Secured Instrument, the Issuer or its Affiliates shall be deemed to have waived its rights (a) to receive the proceeds of realisation of the Collateral Assets securing such Series of Secured Instruments (or where "Physical Delivery of Collateral Assets" is specified as applicable in the applicable Final Terms, delivery of the Collateral Assets) following the enforcement of the relevant ~~Deed of Charge~~Security Agreements and Charged Documents and (b) to give an Acceleration Notice on the occurrence of a Secured Instrument Event of Default.

3. General

3.1 Issuer of Secured Instruments

MLBV may issue Secured Notes and Secured W&C Instruments. References herein to "Issuer" shall be to MLBV.

The Secured Instruments will not be guaranteed by any entity. Each reference in the Notes Conditions and the W&C Instruments Conditions to "Guarantor", "MLBV Guarantee", "Guarantee" and "Guarantees" shall be deemed to be deleted in respect of Secured Notes and Secured W&C Instruments.

In relation to certain Series of Secured Instruments, the Issuer will enter into a Triparty Deed of Charge for the purpose of the Parallel Debt only.

3.2 Security Agent

In relation to each Series of Secured Instruments, The Bank of New York Mellon shall be appointed as Security Agent and shall undertake the duties of Security Agent in respect of the Secured Instruments as set out below and in the applicable Final Terms, the relevant ~~Deed of Charge~~Security Agreements and in the Security Agency Agreement. Each party to the Security Agency Agreement has irrevocably and unconditionally waived, and each Secured Party is deemed to have irrevocably and unconditionally waived, any and all right to trial by jury in any action, suit or counterclaim arising in connection with the Security Agency Agreement. The expression "Security Agent" shall, in relation to the relevant Secured Instruments, include any substitute or replacement entity appointed as Security Agent in respect thereof pursuant to the terms of the relevant Security Agency Agreement.

In relation to each Series of Secured Instruments, the Security Agent will enter into a Deed of Charge. Under the terms of the relevant Deed of Charge:

- (a) the Secured Instruments Collateral Provider will covenant to the Security Agent for itself, the Holders of the Non-Waived Instruments and the other relevant Secured Parties under the Security Agency Agreement that it will duly and punctually pay or discharge the Issuer's present and future obligations in respect of the Series of Secured W&C Instruments to which the Deed of Charge relates and under the Charged Documents, ~~to which~~ the ~~relevant Deed of Charge~~Issuer is a party and the Security Agency Agreement (each the "**Secured Obligations**"), provided that the covenant of the Secured Instruments Collateral Provider to pay the Secured Obligations shall be limited to an amount equal to the proceeds of enforcement of the Collateral Assets; the Secured Instruments Collateral Provider's covenant shall be satisfied only from those proceeds and the Security Agent shall have no remedy against the Secured Instruments Collateral Provider in relation to such covenant other than the enforcement of the security granted by the ~~Deed of Charge~~Security Agreement(s); and
- (b) the Security Agent will hold the rights granted to it under the relevant Deed of Charge for itself, the Holders of the Non-Waived Instruments and the other relevant Secured Parties under the Security Agency Agreement.

In relation to each Series of Secured Instruments issued under these Secured Fully Floating Instrument Conditions in respect of which a Triparty Deed of Charge is executed, the Security Agent will also enter into a Korean Law Security Agreement.

In performing its role under the Programme, the Security Agent does not act as an advisor to or fiduciary or trustee for the Holders of the Secured Instruments or any other party and nothing in any of the

documents relating to the Programme shall be interpreted to constitute the Security Agent as a trustee or fiduciary of the Issuer, the Secured Instruments Collateral Provider, the Holders or any other party.

3.3 **Secured Instruments Collateral Provider**

Merrill Lynch International shall undertake the duties of Secured Instruments Collateral Provider in respect of each Series of Secured Instruments as set out in these Secured Fully Floating Instruments Conditions and in the applicable Final Terms and as further provided for in the Secured Instruments Collateral Provider Agreement. The expression "Secured Instruments Collateral Provider" shall, in relation to the relevant Secured Instruments, include any substitute or replacement entity appointed as Secured Instruments Collateral Provider in respect thereof pursuant to the terms of the relevant Secured Instruments Collateral Provider Agreement.

3.4 **Collateral Agent**

The Bank of New York Mellon, London Branch shall undertake the duties of Collateral Agent in respect of each Series of Secured Instruments as set out in the relevant Triparty Account Control Agreement in respect of the relevant Series of Secured Instruments. The expression "Collateral Agent" shall, in relation to the relevant Secured Instruments, include any substitute or replacement entity appointed as Collateral Agent in respect thereof pursuant to the terms of the relevant Triparty Account Control Agreement.

3.5 **Custodian**

The Bank of New York Mellon, London Branch shall undertake the duties of Custodian to the Secured Instruments Collateral Provider in respect of each Series of Secured W&C Instruments under the terms of the Custodian Agreement to the extent to which those terms relate to the Collateral Assets. The Custodian Agreement provides for the establishment of cash accounts and securities accounts in the name of the Secured Instruments Collateral Provider. The Secured Instruments Collateral Provider shall instruct the Custodian to open ~~a segregated~~ Segregated Collateral ~~Account~~ Accounts in respect of each Series of Secured Instruments and the ~~relevant~~ Collateral ~~Account~~ Accounts shall be operated by the Collateral Agent in accordance with the terms of the relevant Triparty Account Control Agreement. The expression "Custodian" shall include any substitute or replacement entity appointed as Custodian in respect thereof pursuant to the terms of the Custodian Agreement.

3.6 **Secured Instruments Valuation Agent**

Merrill Lynch International shall undertake the duties of Secured Instruments Valuation Agent in respect of the Secured Fully Floating Instruments as set out in these Secured Fully Floating Instruments Conditions and in the applicable Final Terms and as further provided for in the Valuation Agency Agreement. The expression "Secured Floating Instruments Valuation Agent" shall, in relation to the relevant Secured Instruments, include any substitute or replacement entity (including any Replacement Secured Instruments Valuation Agent) appointed as Secured Instruments Valuation Agent in respect thereof pursuant to the terms of the Valuation Agency Agreement.

In making determinations and calculations under these Secured Fully Floating Instruments Conditions, the Secured Instruments Valuation Agent shall act in good faith and in a commercially reasonable manner. In relation to each Series of Secured Instruments, the Secured Instruments Valuation Agent acts solely as an agent of the Issuer, and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders.

3.7 **Termination and Replacement**

Each of the Collateral Transaction Documents contain, or will contain, provisions for the termination of such agreement and, as the case may be, the removal or replacement of the role of the relevant Collateral Arrangement Party appointed thereunder. Any such termination, removal and/or replacement will be effected in accordance with the provisions of such agreements and (other than in respect of the Custodian or the Collateral Agent) these Secured Fully Floating Instruments Conditions and may be effected without the consent of Holders, provided that, in respect of the appointment of a replacement Secured Instruments Valuation Agent in accordance with Secured Fully Floating Instrument Condition 6.10 and the Security Agency Agreement, the Security Agent shall not be required to consider the provisions regarding the appointment of a replacement Secured Instruments Valuation Agent contained in the Valuation Agency Agreement. No such termination or removal shall be effective until a replacement

entity has been appointed. The Secured Instruments Valuation Agent shall be required to give notice to Holders of any such termination, removal and/or replacement in accordance with, in respect of Secured Notes, Notes Condition 14 (*Notices*) and, in respect of Secured W&C Instruments, W&C Instruments Condition 12 (*Notices*). Any reference to a Collateral Arrangement Party in these Secured Fully Floating Instruments Conditions shall be deemed to include a reference to any entity appointed as a replacement thereof.

A replacement Collateral Arrangement Party may only be appointed when the following conditions are fulfilled: the replacement Collateral Arrangement Party (other than the replacement Custodian or Collateral Agent): (i) is an institution incorporated and in good standing in the United States of America or one of the States thereof or in a state which is, as at the date of the relevant Collateral Transaction Document, a member state of the European Union or the United Kingdom; (ii) has the requisite resources and legal capacity to perform the duties imposed upon the relevant existing Collateral Arrangement Party under the relevant Collateral Transaction Document and is a recognised provider of the services provided by such Collateral Arrangement Party; (iii) is legally qualified and has the capacity to act as successor to the relevant Collateral Arrangement Party on the terms of the relevant Collateral Transaction Document; and (iv) whose performance of its duties under the relevant Collateral Transaction Document will not cause the Issuer and/or Secured Instruments Collateral Provider to become subject to tax in any jurisdiction where such successor is incorporated, established, doing business, has a permanent establishment or is otherwise considered tax resident.

The Security Agency Agreement contains, or will contain, provisions for the termination of such agreement and the removal or replacement of the Security Agent appointed thereunder. Any such termination, removal and/or replacement will be effected in accordance with the provisions of the Security Agency Agreement and may be effected without the consent of Holders. No such termination or removal shall be effective until a replacement Security Agent has been appointed.

3.8 Notices

Where any provision of these Secured Fully Floating Instruments Conditions requires one party to deliver a notice to another party, such notice may be delivered in any form agreed between the parties thereto, including but not limited to, by post, electronic message, fax, exchange of electronic files, SWIFT messages, messages through the relevant Clearing System or by telephone (provided that any notice given by telephone must, as soon as reasonably practicable, be confirmed in writing between the parties to such telephone conversation and failure to obtain such confirmation shall not invalidate such notice).

4. Security

4.1 Security

The obligations of the Issuer in respect of the Secured Instruments will be secured by a Deed of Charge pursuant to which:

- (a) the Secured Instruments Collateral Provider charges by way of first fixed charge its rights and title in the Segregated Collateral Assets ~~contained in one or more Collateral Accounts~~. The security interest granted shall be over all of the Secured Instruments Collateral Provider's rights in and to the Segregated Collateral Assets delivered into and held from time to time in the relevant segregated account(s) established with the Custodian pursuant to and in accordance with the applicable terms of the relevant Triparty Account Control Agreement and the Custodian Agreement for such purpose (~~the "each a "Segregated Collateral Account";"~~), excluding any interest or distributions paid on such Segregated Collateral Assets to the extent such amounts are not held in the relevant Segregated Collateral Account(s); and
- (b) the Secured Instruments Collateral Provider assigns by way of security its rights, title and interest in the Segregated Collateral Accounts (including, without limitation, any contractual interests or claims relating to such Segregated Collateral Accounts) and the Charged Documents,

in favour of the Security Agent to hold for itself and on behalf of the relevant Holders and the other relevant Secured Parties under the Security Agency Agreement.

With respect to each Series of Secured Instruments for which a Triparty Deed of Charge is executed, the obligations of the Issuer in respect of the Secured Instruments (as owed to the Security Agent under the Parallel Debt provisions) will also be secured by a Korean Law Security Agreement.

Under each Korean Law Security Agreement, the Secured Instruments Collateral Provider will grant a first priority continuing security interest (*Kun Jil Kwon*) in favour of the Security Agent over the Korean Pledged Securities. For the avoidance of doubt, the Secured Instruments Collateral Provider will not grant security over the Korean Securities Account (as distinct from any securities credited to such account) or over any securities in the Korean Securities Account other than the Korean Pledged Securities for any Series of Secured Instruments.

For each Series of Secured Instruments for which a Triparty Deed of Charge has been executed, the Korean Securities which are held in the Korean Securities Account and are registered as pledged in respect of such Series of Secured Instruments (the "**Korean Pledged Securities**") and the Segregated Collateral Assets held in the Segregated Collateral Accounts shall be the "**Collateral Assets**" and such accounts shall be the "**Collateral Accounts**".

For each Series of Secured Instruments for which a Bilateral Deed of Charge has been executed, the Segregated Collateral Accounts shall be the "**Collateral Accounts**".

Following the delivery of a Collateral Enforcement Notice, any interest or distributions paid in respect of the Segregated Collateral Assets held in the Collateral Account will be credited to the relevant Collateral Account and will be subject to the fixed charge set forth in paragraph (a) above relevant Security Agreement.

4.2 **Collateral Pools**

Each Series of Secured Instruments will be secured by a separate Collateral Pool comprising held in the Collateral ~~Assets held in a segregated Collateral Account~~Accounts.

4.3 **Initial Collateral Assets**

On the Issue Date of a Series of Secured Instruments, the Secured Instruments Collateral Provider shall deposit Eligible Collateral Assets in the relevant Collateral Account (or, in the case of Eligible Collateral Assets held in the Korean Securities Account, shall give instructions to the Collateral Agent to procure the registration of the pledge in respect of such Eligible Collateral Assets) such that the Collateral Test will be satisfied on the Collateral Test Date falling on such Issue Date.

4.4 **Adjustments to Collateral Assets**

On the Secured Instrument Valuation Date for each Collateral Test Date, the Secured Instruments Valuation Agent will determine the Required Collateral Value and will send a Collateral Test Notice to the Collateral Agent prior to 4.30 p.m. London time on such Collateral Test Date, or such other time as may be agreed between the Secured Instruments Collateral Provider and the Collateral Agent from time to time. On the Secured Instrument Valuation Date for each Collateral Test Date, the Secured Instruments Valuation Agent will notify the relevant Instrument Agent, with a copy to the Security Agent, of the aggregate principal amount or number, as applicable, of outstanding Non-Waived Instruments as of such date.

On each Collateral Test Date, the Collateral Agent will calculate the Collateral Value and verify that the Collateral Test is satisfied. When determining whether the Collateral Test is satisfied on a Collateral Test Date:

(a) the Collateral Pool on the Collateral Test Date shall be included for such determination;

(b) Eligible Collateral Assets for which instructions for the transfer to the relevant Segregated Collateral ~~Account~~Accounts have been provided on or before such Collateral Test Date will be included for ~~the purposes of~~ such determination ~~provided that sufficient~~ to the extent such Eligible Collateral Assets ~~are held in the Custodian Account~~ have not been transferred and are not part of the Collateral Pool on the Collateral Test Date; and

(c) Collateral Assets for which instructions for the removal from the relevant Collateral ~~Account have been provided~~Accounts have been provided (or, in the case of Korean Pledged Securities, instructions for the removal of the pledge from the register in respect of such Korean Pledged Securities) on or before such Collateral Test Date will be excluded for the purposes of such determination if such Collateral Assets have not been transferred out of the relevant Collateral Accounts and/or released from the relevant pledge (as the case may be) on such Collateral Test Date.

Where the Secured Instruments Collateral Provider has provided the Collateral Agent with an instruction regarding the transfer and/or registration of the relevant pledge in respect of Eligible Collateral Assets and such instruction is not carried out within one Collateral Business Day of the Collateral Agent's receipt of such instruction, the Collateral Agent will notify the Secured Instruments Collateral Provider that such instruction is yet to be carried out in which case the Secured Instruments Collateral Provider may elect to transfer Additional Eligible Collateral into the Segregated Collateral Accounts on or prior to the third Collateral Business Day to meet the Collateral Test.

In determining whether the Collateral Test is satisfied, the Collateral Agent will verify that the relevant Collateral Assets comply with the eligibility criteria specified in the collateral schedule of the relevant Triparty Account Control Agreement. The Secured Instruments Collateral Provider shall be solely responsible for ensuring that the Eligibility Criteria specified in the applicable Final Terms is substantively identical to the eligibility criteria specified in the collateral schedule of the Triparty Account Control Agreement and the Collateral Agent shall not be liable to the Holders or any party for any discrepancy therein.

If, on the relevant Collateral Test Date, the Collateral Agent determines that the Collateral Test is not satisfied, the Collateral Agent will promptly send the Secured Instruments Collateral Provider a Collateral Agent Notice. On the date such Collateral Agent Notice is given, the Secured Instruments Collateral Provider will instruct the Collateral Agent to transfer sufficient additional Eligible Collateral Assets into the relevant Collateral Account (or, in the case of Eligible Collateral Assets held in the Korean Securities Account, to instruct the Collateral Agent to register the pledge in respect of such Eligible Collateral Assets) to satisfy the Collateral Test.

The Secured Instruments Collateral Provider ~~will~~shall ensure that instructions are provided to the Collateral Agent so as to ensure that sufficient Eligible Collateral Assets are Delivered into the relevant Collateral Account (or, in the case of Eligible Collateral Assets held in the Korean Securities Account, the pledge is registered in respect of such Eligible Collateral Assets) on or before each Collateral Test Date to satisfy the Collateral Test in respect of such Collateral Test Date for the relevant Series of Secured Instruments.

For the avoidance of doubt, in relation to Korean Pledged Securities and for the purposes of the Security Agreements and the Triparty Account Control Agreement, "transfers" of the relevant Collateral Assets to the Collateral Accounts may be given effect when held through accounts maintained with certain Clearing Systems as an earmarking of such Collateral Assets as pledged or as a transfer to an account maintained for or on behalf of the Security Agent and such Korean Securities shall be deemed, for the purposes of such agreements, to have been credited to the Collateral Account(s) accordingly.

4.5 **Substitution or withdrawal of Collateral Assets**

The Secured Instruments Collateral Provider may, subject to the terms of the relevant Triparty Account Control Agreement, withdraw and/or replace Collateral Assets from the relevant Collateral ~~Account~~Accounts (or, in the case of Korean Pledged Securities, release the pledge in respect of such Korean Pledged Securities) provided that following such adjustment the Collateral Test continues to be satisfied. The Secured Instruments Collateral Provider will send or ~~cause to be sent~~procure the sending of a notice to the Collateral Agent specifying the adjustments to be made to the Collateral Pool (including *inter alia* the type and quantity of any Eligible Collateral Assets to be deposited/registered and/or Collateral Assets to be removed/released).

4.6 **Delegation to Secured Instruments Collateral Provider**

The Issuer has, pursuant to the terms of the Secured Instruments Collateral Provider Agreement, delegated to the Secured Instruments Collateral Provider the role of managing each Collateral Pool to

comply with the requirements of these Secured Fully Floating Instruments Conditions (including, but not limited to, compliance with Secured Fully Floating Instruments Conditions 4.3, 4.4 and 4.5).

4.7 **Required Collateral Default**

Following the occurrence of a Required Collateral Default, the Collateral Agent shall send a Required Collateral Default Notice to the Secured Instruments Collateral Provider and the Security Agent, specifying that a Required Collateral Default has occurred. The Secured Instruments Collateral Provider shall notify the Issuer of the Required Collateral Default Notice. The Security Agent shall as soon as reasonably practicable after receiving a Required Collateral Default Notice give notice to the relevant Instrument Agent and the relevant Instrument Agent will as soon as reasonably practicable give notice in accordance with, in respect of Secured Notes, Notes Condition 14 (*Notices*) and, in respect of Secured W&C Instruments, W&C Instruments Condition 12 (*Notices*) to all relevant Holders of the receipt of a Required Collateral Default Notice.

4.8 **Secured Instrument Event of Default**

4.8.1 The occurrence of one or more of the following events shall constitute a "**Secured Instrument Event of Default**" with respect to any Series of Secured Instruments:

- (a) in respect of Secured Notes:
 - (i) default shall be made in the payment of any amount of interest due in respect of any such Notes and the default continues for a period of 30 calendar days after the due date; or
 - (ii) default shall be made in the payment of any principal of any such Notes or in the delivery when due of the Entitlement in respect of any such Notes (in each case whether at maturity or upon redemption or otherwise), and such default continues for a period of 30 calendar days after the due date;
- (b) in respect of Secured W&C Instruments:
 - (i) default shall be made in the payment of any Additional Amount due in respect of any such Non-Waived Instruments and the default continues for a period of 30 calendar days after the due date; or
 - (ii) default shall be made in the payment of any Cash Settlement Amount or other termination amount of any such Non-Waived Instruments or in the delivery when due of the Entitlement in respect of any such Non-Waived Instruments (in each case whether at settlement or upon redemption or otherwise), and such default continues for a period of 30 calendar days after the due date; or
- (c) the Issuer shall fail to perform or observe any other term, covenant or agreement contained in the Terms and Conditions applicable to any of such Secured Instruments or in the Agency Agreement for the period of 90 calendar days after the date on which written notice of such failure, requiring the Issuer, as the case may be, to remedy the same, first shall have been given to the relevant Instrument Agent (which will give notice to the Security Agent) and the Issuer by Holders of at least 33 per cent. of (A) in respect of Secured Instruments that are Secured Notes, the aggregate principal amount of any such Non-Waived Instruments outstanding or (B) in respect of Secured Instruments that are Secured W&C Instruments, the aggregate Notional Amount or by number (as applicable) of any such Non-Waived Instruments outstanding; or
- (d) a court having jurisdiction in the premises shall have entered a decree or order granting relief with respect to the Issuer in an involuntary proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, trustee, assignee, custodian or sequestrator (or similar official) of the Issuer or of all or substantially all of its property or for the winding up or liquidation of its affairs, and such decree or order shall have remained in force and unstayed for a period of 60 consecutive calendar days; or
- (e) the Issuer shall institute proceedings for relief under any applicable bankruptcy, insolvency or any other similar law now or hereafter in effect, or shall consent to the institution of any such proceedings against it, or shall consent to the appointment of a receiver, liquidator, trustee,

assignee, custodian or sequestrator (or similar official) of it or of all or substantially all of its property, or shall make an assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action in furtherance of any of the foregoing; or

- (f) a Required Collateral Default has occurred; or
- (g) any of (i) a failure by the Issuer and/or Secured Instruments Collateral Provider to comply with or perform any undertaking or obligation to be complied with or performed by it in accordance with the Security Agency Agreement or the relevant ~~Deed of Charge~~ Security Agreements if such failure is continuing after any applicable grace period has elapsed, the expiration or termination of such Security Agency Agreement or ~~Deed of Charge~~ Security Agreement, or (ii) the failing or cessation of such Security Agency Agreement or ~~Deed of Charge~~ any relevant Security Agreement, or any security granted by the Issuer and/or Secured Instruments Collateral Provider, to be in full force and effect prior to the satisfaction of all the obligations of such party under these Secured Instruments Conditions or (iii) the Issuer and/or Secured Instruments Collateral Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Security Agency Agreement or ~~Deed of Charge~~ any relevant Security Agreement (or such action is taken by any person or entity appointed or empowered to act on the Issuer's and/or Secured Instruments Collateral Provider's behalf).

If a Secured Instrument Event of Default shall occur and be continuing with respect to any Series of Secured Instruments, then any Holder may, at its option, send an Acceleration Notice (1) in the case of Secured Instruments held through Euroclear and/or Clearstream, Luxembourg, through the relevant Clearing System to the relevant Instrument Agent and (ii) in the case of Secured Instruments held through The Depository Trust Corporation, directly to the relevant Instrument Agent. If the Holder(s) of at least 33 per cent. (in respect of Secured Instruments that are Secured Notes) in aggregate principal amount or (in respect of Secured Instruments that are Secured W&C Instruments) in aggregate Notional Amount or by number (as applicable) of such Non-Waived Instruments outstanding send Acceleration Notice(s) through the relevant Clearing System to the relevant Instrument Agent, and if any such default is not waived in accordance with Secured Fully Floating Instruments Condition 4.8.4 below or cured by the Issuer prior to receipt by the relevant Instrument Agent of the latest of such Acceleration Notice(s) required to exceed the 33 per cent. threshold specified above, an "**Acceleration Event**" shall occur in respect of such Series of Secured Instruments.

4.8.2 The relevant Instrument Agent will as soon as reasonably practicable after the occurrence of an Acceleration Event send a notice (in or substantially in the form set out at Schedule 22 of the Agency Agreement) (an "**Acceleration Instruction**") to the Security Agent confirming that the Holder(s) of at least 33 per cent. (in respect of Secured Instruments that are Secured Notes) in aggregate principal amount or (in respect of Secured Instruments that are Secured W&C Instruments) in aggregate Notional Amount or by number (as applicable) of the Non-Waived Instruments outstanding have delivered Acceleration Notices thereby instructing the Security Agent to:

- (a) deliver the notices specified in Secured Fully Floating Instruments Condition 6.1;
- (b) enforce the security constituted by the relevant ~~Deed of Charge~~ Security Agreements and distribute the proceeds (and, if applicable, physically settle the Entitlement), in each case, in accordance with its terms and the provisions of these Secured Fully Floating Instruments Conditions and the Security Agency Agreement;
- (c) appoint a Disposal Agent, if a Disposal Agent has not already been appointed, and provide instructions to the Disposal Agent in accordance with these Secured Fully Floating Instruments Conditions; and
- (d) perform any further actions of the Security Agent specified in these Secured Fully Floating Instruments Conditions, the relevant ~~Deed of Charge~~ Security Agreements and the Security Agency Agreement or any reasonable incidental actions,

provided that if, at any time before the Security Agent has taken any steps to enforce the security constituted by the related Security Agency Agreement and/or ~~Deed of Charge~~ Security Agreements or a judgment or decree for payment of the money due with respect to such Secured Instruments has been

obtained by any Holder, the Security Agent is notified in writing by the relevant Instrument Agent that the occurrence of an Acceleration Event and its consequences have been rescinded and annulled in accordance with Secured Fully Floating Instruments Condition 4.8.3 below, then such Acceleration Instruction shall be deemed not to have been given and the Security Agent shall be entitled to rely on any such notification from the relevant Instrument Agent without further enquiry and shall incur no liability to the Holders or any other party for any action taken or not taken prior to or as a result of such notification.

- 4.8.3 At any time following the occurrence of an Acceleration Event and (i) before the Security Agent has taken any steps to enforce the security constituted by the related Security Agency Agreement and/or ~~Deed of Charge~~ Security Agreements or (ii) a judgment or decree for payment of the money due with respect to such Secured Instruments has been obtained by any Holder, the occurrence of an Acceleration Event and its consequences may be rescinded and annulled upon the written consent of Holders of a majority (in respect of Secured Instruments that are Secured Notes) in aggregate principal amount or (in respect of Secured Instruments that are Secured W&C Instruments) in aggregate Notional Amount or by number (as applicable) of such Non-Waived Instruments then outstanding, or by resolution adopted by a majority (in respect of Secured Instruments that are Secured Notes) in aggregate principal amount or (in respect of Secured Instruments that are Secured W&C Instruments) in aggregate Notional Amount or by number (as applicable) of such Non-Waived Instruments outstanding present or represented at a meeting of Holders at which a quorum is present, as provided in the Agency Agreement, if:
- (a) (i) the Issuer has paid, or has deposited with the relevant Clearing System, a sum sufficient to pay:
 - (A) in respect of Secured Notes:
 - (1) all overdue amounts of interest on such Secured Notes;
 - (2) the principal of such Secured Notes which has become due otherwise by such declaration of acceleration; or
 - (B) in respect of Secured W&C Instruments:
 - (1) all overdue Additional Amounts on such Secured W&C Instruments;
 - (2) the Cash Settlement Amount or other termination amount of such Secured W&C Instruments which has become due otherwise than by such declaration of acceleration; or
 - (ii) in the case of Secured Instruments to be settled by physical delivery, the Issuer has delivered the relevant assets to any agent appointed by the Issuer to deliver such assets to the Holders of the Non-Waived Instruments; and
- (b) all Secured Instrument Events of Default with respect to such Secured Instruments, other than the non-payment of any applicable principal amount, Cash Settlement Amount or other termination amount of such Secured Instruments which has become due solely by such declaration of acceleration, have been cured or waived as provided in Secured Fully Floating Instruments Condition 4.8.4 below.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

- 4.8.4 Any default by the Issuer and/or Secured Instruments Collateral Provider, other than the events described in Secured Fully Floating Instruments Condition 4.8.1(a) or Secured Fully Floating Instruments Condition 4.8.1(b), and other than an event described in Secured Fully Floating Instruments Condition 4.8.1(c) in respect of a covenant or provision of the Terms and Conditions which cannot be amended or modified without the passing of an Extraordinary Resolution of Holders, may be waived by the written consent of Holders of a majority (in respect of Secured Instruments that are Secured Notes) in aggregate principal amount or (in respect of Secured Instruments that are Secured W&C Instruments) in aggregate Notional Amount or by number (as applicable) of such Non-Waived Instruments then outstanding affected thereby, or by resolution adopted by a majority (in respect of Secured Instruments that are Secured Notes) in aggregate principal amount or (in respect of Secured Instruments that are Secured W&C Instruments) in aggregate Notional Amount or by number (as applicable) of such Non-Waived

Instruments then outstanding present or represented at a meeting of Holders affected thereby at which a quorum is present, as provided in the Agency Agreement. Upon any such waiver, such default shall cease to exist, and any Secured Instrument Event of Default arising therefrom shall be deemed to have been cured, for every purpose of the Agency Agreement, but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

- 4.8.5 Notes Condition 11 (*Events of Default and Rights of Acceleration*) shall not apply in respect of Secured Notes;
- 4.8.6 Notwithstanding anything to the contrary in the Secured Instruments Conditions or any other agreement, a holder shall not be permitted to exercise any default right with respect to any Secured Instrument or the Collateral Transaction Documents that is related, directly or indirectly, to an affiliate (as such term is defined in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k) of the Issuer becoming subject to a receivership, insolvency, resolution or similar proceeding (an "**Insolvency Proceeding**"). However, nothing in this paragraph shall restrict the exercise by a holder of any default right against the Issuer with respect to the Secured Instrument that arises as a result of (i) the Issuer becoming subject to an Insolvency Proceeding, (ii) the Issuer not satisfying a payment or delivery obligation pursuant to such Secured Instrument, or (iii) the failure of the Secured Instruments Collateral Provider, or any transferee thereof, to satisfy a payment or delivery obligation pursuant to the Collateral Transaction Documents or any other credit enhancement that supports the Secured Instrument. After an affiliate of the Issuer becomes subject to an Insolvency Proceeding, a Holder seeking to exercise a default right against the Issuer with respect to the Secured Instrument or the Collateral Transaction Documents shall have the burden of proof, by clear and convincing evidence, that the exercise of such default right is permitted thereunder. For purposes of this paragraph, "**default right**" has the meaning assigned to that term in, and shall be interpreted in accordance with 12 C.F.R. § 252.81, 12 C.F.R. § 382.1 and 12 C.F.R. § 47.1, as applicable.
- 4.8.7 Nothing in the Secured Instruments Conditions or the Collateral Transaction Documents shall prohibit the transfer of the Collateral Transaction Documents, any interest or obligation in or under such Collateral Transaction Documents, or any property securing such Collateral Transaction Documents to a transferee upon or following an affiliate (as such term is defined in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k) of the Issuer becoming subject to an Insolvency Proceeding.

4.9 **Status**

4.9.1 **Secured Notes**

Notes Condition 3 (*Status of the Notes and the Guarantees*) shall not apply to the Secured Notes. The Secured Notes constitute direct, limited recourse, unsubordinated and secured obligations of the Issuer and rank equally among themselves.

Notwithstanding Notes Condition 3 (*Status of the Notes and the Guarantees*), the obligations of the Guarantor under the Guarantees shall not apply to Secured Notes. **The Secured Notes are not guaranteed by the Guarantor or any other entity.**

4.9.2 **Secured W&C Instruments**

W&C Instruments Condition 2 (*Status of the W&C Instruments and MLBV Guarantee*) shall not apply to the Secured W&C Instruments. The Secured W&C Instruments constitute direct, limited recourse, unsubordinated and secured obligations of the Issuer and rank equally among themselves.

Notwithstanding W&C Instruments Condition 2 (*Status of the W&C Instruments and MLBV Guarantee*), the obligations of the Guarantor under the MLBV Guarantee shall not apply to Secured W&C Instruments. **The Secured W&C Instruments are not guaranteed by the Guarantor or any other entity.**

5. **Secured Instruments Collateral Provider, Collateral Agent, Custodian, Security Agent, Secured Instruments Valuation Agent and relevant Instrument Agent**

In relation to each Series of Secured Instruments, the Secured Instruments Valuation Agent acts solely as an agent of the Issuer, and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders. In relation to each issue of Secured Instruments, the Collateral Agent acts

solely as an agent of the Secured Instruments Collateral Provider, and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders or the Issuer.

The Secured Instruments Collateral Provider acts as an arms-length third party and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders. For the avoidance of doubt, the Custodian does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders, the Issuer or the Security Agent.

In acting in connection with any Series of Secured Instruments, the Security Agent does not act as an advisor to or fiduciary or trustee for the Holders or any other party and nothing in any of the documents relating to the Programme shall be interpreted to constitute the Security Agent as a trustee or fiduciary of the Issuer, the Secured Instruments Collateral Provider, the Holders or any other party and will not assume any obligation or duty to, or any relationship of agency or trust for or with, any of the Holders of such Secured Instruments.

All calculations and determinations made in respect of the Secured Instruments by the Secured Instruments Collateral Provider, Collateral Agent and Secured Instruments Valuation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer, the Holders and the Security Agent (as applicable).

Each of the Secured Instruments Collateral Provider and Secured Instruments Valuation Agent may, with the consent of the Issuer, delegate any of their obligations and functions to a third party as provided for in the Secured Instruments Collateral Provider Agreement, Valuation Agency Agreement and ~~each the~~ relevant Triparty Account Control Agreement, as applicable. The Collateral Agent may delegate any of its obligations and functions to a third party as provided for in the relevant Triparty Account Control Agreement.

In acting in connection with any Series of Secured Instruments, the relevant Instrument Agent shall act solely as an agent of the Issuer and will not assume any obligations towards or relationship of agency or trust for or with any of the Holders of such Secured Instruments.

6. Default, Enforcement and Realisation

6.1 Acceleration and Enforcement of Collateral

If the Security Agent receives an Acceleration Instruction, the Security Agent shall (acting in accordance with such Acceleration Instruction), as soon as reasonably practicable:

- (i) deliver a Collateral Enforcement Notice (~~in or substantially in the form annexed to the relevant Deed of Charge~~) in respect of such Series of Secured Instruments to each of the Issuer, the Secured Instruments Collateral Provider and the relevant Instrument Agent;
- (ii) deliver a Notice of Exclusive Control (~~in or substantially in the form annexed to the relevant Triparty Account Control Agreement~~) in respect of the Collateral ~~Account~~ Accounts of such Series of Secured Instruments to the Collateral Agent;
- ~~(iii)~~ deliver a Notice of Intended Enforcement in respect of the Korean Securities Account to the Collateral Agent and the Collateral Agent will give notice of the same to the Korean sub-custodian;
- ~~(iii)~~ (iv) _____ give notice to the relevant Instrument Agent of the occurrence of an Acceleration Event and the delivery of such Collateral Enforcement Notice and Notice of Exclusive Control and the relevant Instrument Agent will give notice of the same in accordance with, in respect of Secured Notes, Notes Condition 14 (*Notices*) and, in respect of Secured W&C Instruments, W&C Instruments Condition 12 (*Notices*) to all relevant Holders; and
- ~~(iv)~~ (v) appoint a Disposal Agent, if a Disposal Agent has not already been appointed, and provide instructions to the Disposal Agent in accordance with the Secured Fully Floating Instruments Conditions.

Upon delivery of the Collateral Enforcement Notice, all Secured Instruments in respect of which the Collateral Enforcement Notice is served will become immediately due and repayable at their Early

Redemption/Settlement Amount and, where "Physical Delivery of Collateral Assets" is specified to be applicable in the applicable Final Terms, such Secured Instruments will also be subject to settlement in accordance with Secured Fully Floating Instruments Condition 6.8.

As soon as reasonably practicable following the delivery of a Collateral Enforcement Notice, the Issuer shall, and shall procure that its Affiliates that hold Waived Instruments, of the Series of Secured Instruments in respect of which the Collateral Enforcement Notice is served, submit such Waived Instruments for cancellation free of payment and, following such cancellation, the Secured Instruments Valuation Agent shall notify the Security Agent of the principal amount or number, as applicable, of outstanding Non-Waived Instruments of such Series.

6.2 Enforcement and Realisation

Following delivery of a Collateral Enforcement Notice in respect of the relevant Series of Secured Instruments, the Security Agent (acting in accordance with an Acceleration Instruction) shall enforce the security constituted by the relevant ~~Deed of Charge~~ Security Agreements relating to the relevant Collateral Pool in accordance with the terms thereof, these Secured Fully Floating Instruments Conditions (as completed by the applicable Final Terms) and the terms of the Security Agency Agreement and will give instructions to the Disposal Agent to:

- (a) where "Physical Delivery of Collateral Assets" is specified not to apply in the applicable Final Terms, effect a liquidation and realisation in accordance with Secured Fully Floating Instruments Condition 6.6 of all the Collateral Assets in the Collateral Pool which secures such Series of Secured Instruments and subsequently distribute the relevant Collateral Enforcement Proceeds Share to the relevant Holders in accordance with Secured Fully Floating Instruments Condition 6.5; or
- (b) where "Physical Delivery of Collateral Assets" is specified to be applicable in the applicable Final Terms, arrange for delivery of the relevant Entitlement to the relevant Holders in accordance with Secured Fully Floating Instruments Condition 6.8.

6.3 Liability of the Security Agent

The Security Agency Agreement contains provisions setting out the standards of liability of the Security Agent including providing that:

- (a) in the event that any Secured Party directs the Security Agent to effect the liquidation and realisation of the Collateral Assets in the Collateral Pool which secures the relevant Series of Secured Instruments in a manner that is in accordance with the exact provisions of the Acceleration Instruction, the Security Agent shall not be under any obligation to take any further action (without prejudice to its ability to instruct the Disposal Agent to liquidate and realise the Collateral Assets for the purpose of funding the Security Agent Amounts) if it reasonably believes that (i) it would not be able to recover the Security Agent Amounts that would be incurred in connection with such action from the relevant Collateral Assets or otherwise and/or (ii) it would experience an unreasonable delay in doing so; and
- (b) in the event that any Secured Party directs the Security Agent to effect the liquidation and realisation of the Collateral Assets in the Collateral Pool which secures the relevant Series of Secured Instruments in a manner other than in accordance with the exact provisions of the Acceleration Instruction, the Security Agent shall not be under any obligation to take any action unless it has first been indemnified and/or secured and/or pre-funded to its satisfaction.

and in, each case, the Security Agent shall have no liability for any such failure to act.

The Security Agent will not, in the absence of its own gross negligence, fraud or wilful misconduct, have any liability in connection with its role under or for the purposes of these Secured Fully Floating Instruments Conditions and it will have no regard to the effect of such action on individual Holders. In no event shall the Security Agent be liable for any special, indirect or consequential loss or any punitive damages including (without limitation) any lost profits.

For the avoidance of doubt, the Security Agent shall be entitled to rely without enquiry on an Acceleration Instruction delivered by the Instrument Agent and on any notice of revocation of such Acceleration

Instruction pursuant to Condition 4.8.2 and shall have no obligation to monitor or verify whether the relevant threshold has been met or to monitor or verify whether any Holder that has delivered an Acceleration Notice holds Waived Instruments or Non-Waived Instruments.

6.4 Enforcement and realisation by Holders

No Holder shall be entitled to enforce a ~~Deed of Charge~~ Security Agreement or to proceed directly against the Secured Instruments Collateral Provider to enforce the other provisions of a Charged Document unless the Security Agent, having become bound to so enforce or proceed, fails so to do within a reasonable time and such failure is continuing or the Security Agent is prevented from enforcing a ~~Deed of Charge~~ Security Agreement by any court order. If a Holder becomes so entitled, then such Holder shall not be entitled to enforce the relevant ~~Deed of Charge~~ Security Agreement or Charged Document in the United Kingdom.

If the Security Agent becomes bound to enforce a ~~Deed of Charge~~ Security Agreement or a Charged Document and fails to do so within a reasonable time and such failure is continuing or the Security Agent is prevented from enforcing a ~~Deed of Charge~~ Security Agreement by any court order, then, without prejudice to the paragraph above, Holder(s) of at least 33 per cent. (in respect of Secured Instruments that are Secured Notes) in aggregate principal amount or (in respect of Secured Instruments that are Secured W&C Instruments) in aggregate Notional Amount or by number (as applicable) of such Non-Waived Instruments outstanding may remove the Security Agent and appoint a replacement Security Agent in accordance with Secured Fully Floating Instruments Condition 3.7 and the terms of the Security Agency Agreement.

Neither the Issuer nor any Holder shall be entitled to enforce a Triparty Account Control Agreement or the Custodian Agreement or to proceed directly against the Collateral Agent or the Custodian to enforce the terms of the relevant Triparty Account Control Agreement or the Custodian Agreement (as applicable). Neither the Collateral Agent nor the Custodian shall have any liability to the Issuer or any Holder as to the consequence of any actions taken by the Collateral Agent or Custodian (as applicable).

6.5 Application and distribution of proceeds of enforcement

6.5.1 In connection with the enforcement of the security constituted by the relevant ~~Deed of Charge~~ Security Agreements, after the realisation and liquidation of the relevant Collateral Assets in accordance with Secured Fully Floating Instruments Condition 6.6, the Security Agent (acting in accordance with an Acceleration Instruction) shall instruct the Disposal Agent to use the proceeds of such realisation and liquidation of the Collateral Assets to make payment of any amounts payable to the Secured Parties ranking prior to the Holders of Non-Waived Instruments in accordance with the Order of Priority specified in the applicable Final Terms and to notify the Secured Instruments Valuation Agent of the Collateral Enforcement Proceeds. Following such payment the Secured Instruments Valuation Agent shall determine the Collateral Enforcement Proceeds Share (if any) in respect of each Non-Waived Instrument and shall notify such amount to the Security Agent, the Disposal Agent and to the Holders in accordance with, in respect of Secured Notes, Notes Condition 14 (*Notices*) and, in respect of Secured W&C Instruments, W&C Instruments Condition 12 (*Notices*).

6.5.2 Subject as provided below, the Security Agent (acting in accordance with an Acceleration Instruction) or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) shall apply the remaining proceeds from the realisation of the relevant Collateral Assets in a Collateral Pool in meeting the claims of Holders in respect of the Early Redemption/Settlement Amount payable under each Non-Waived Instrument which is secured by the relevant Collateral Pool *pro rata* to the Collateral Enforcement Proceeds Share of each such Non-Waived Instrument.

6.5.3 If the Collateral Enforcement Proceeds Share for a particular Non-Waived Instrument is greater than the Early Redemption/Settlement Amount of such Non-Waived Instrument, then:

(a) where "NV Collateralisation" or "Max (NV, MV) Collateralisation" is specified to be applicable in the applicable Final Terms, such Holder shall be entitled to receive from the Collateral Enforcement Proceeds Share up to the greater of:

(i) the product of (A) the Collateralisation Percentage, multiplied by (B) (I) in respect of Secured Instruments that are Secured Notes, the principal amount of such Non-Waived

Instrument or (II) in respect of Secured Instruments that are Secured W&C Instruments, the Notional Amount of such Non-Waived Instrument; and

(ii) the Early Redemption/Settlement Amount,

(the greater of the amounts in sub-paragraphs (i) and (ii) shall be the "**NV Collateralisation Enforcement Proceeds Cap**"). Any excess amount of the Collateral Enforcement Proceeds Share over the NV Collateralisation Enforcement Proceeds Cap will be distributed to the Secured Parties ranking after the Holders of Non-Waived Secured Instruments in accordance with the Order of Priority specified in the applicable Final Terms; or

(b) where "MV Collateralisation" or "Min (NV, MV) Collateralisation" is specified to be applicable in the applicable Final Terms, the Holder is only entitled to receive from the Collateral Enforcement Proceeds Share an amount equal to the Early Redemption/Settlement Amount. Any excess amount of the Collateral Enforcement Proceeds Share over the Early Redemption/Settlement Amount will not be distributed to such Holder but will be distributed to the Secured Parties ranking after the Holders of Non-Waived Instruments in accordance with the Order of Priority specified in the applicable Final Terms.

6.5.4 Where the Collateral Enforcement Proceeds Share for a particular Secured Instrument is less than the Early Redemption/Settlement Amount (such amount being a "Collateral Enforcement Loss Amount"), such Holder will not be entitled to any further recourse against the Issuer or the Secured Instruments Collateral Provider for such Collateral Enforcement Loss Amount.

6.5.5 The Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) shall determine the date for distribution of the remaining proceeds to Holders in accordance with Secured Fully Floating Instruments Condition 6.5.2 and shall notify such date to the relevant Instrument Agent and the relevant Instrument Agent shall notify Holders in accordance with, in respect of Secured Notes, Notes Condition 14 (*Notices*) and, in respect of Secured W&C Instruments, W&C Instruments Condition 12 (*Notices*).

6.5.6 Moneys held by the Security Agent shall be deposited in its name in an account at such bank or other financial institution as the Security Agent may, acting in good faith and in a commercially reasonable manner, think fit. Any interest paid by such bank or financial institution on such moneys shall be deemed to be Collateral Assets.

6.5.7 To the extent that any proceeds from the liquidation or realisation of the relevant Collateral Assets in a Collateral Pool are not in the Specified Currency (in respect of Secured Notes) or Settlement Currency (in respect of Secured W&C Instruments), then such proceeds shall be converted at such rate or rates, in accordance with such method and as at such date as may reasonably be specified by the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent), having regard to then-current rates of exchange. Any rate, method and date so specified shall be binding on the Issuer, the Secured Instruments Collateral Provider and the Holders.

6.6 Method of realisation of Collateral Assets

Subject as may otherwise be provided for in these Secured Fully Floating Instruments Conditions, in effecting the sales, the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) may sell the relevant Collateral Assets in one single tranche or in smaller tranches as it considers appropriate in order to attempt reasonably to maximise the proceeds from such sale. The Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) may effect sales of the Collateral Assets (a) on any securities exchange or quotation service on which the Collateral Assets may be listed or quoted, (b) in the over-the-counter market or (c) in transactions otherwise than on such exchanges or in the over-the counter market.

Where the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) disposes of any Collateral Assets other than on any securities exchange or quotation service on which the Collateral Assets may be listed or quoted then:

(a) the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) shall seek firm bid quotations from at least three independent dealers in assets similar in nature to the relevant Collateral Assets (and, for such purpose, it may seek quotations in respect

of such Collateral Assets in their entirety or in respect of a designated part or proportion thereof, as it considers appropriate in order to maximise the proceeds of the sale of such Collateral Assets);

- (b) for the purposes of obtaining the quotations referred to in (a) above, the Security Agent or the Disposal Agent may itself provide a bid in respect of the relevant Collateral Assets or any part or proportion thereof; and
- (c) the Security Agent or the Disposal Agent- (acting on behalf of and at the instruction of the Security Agent) shall be authorised to accept without liability to any party in respect of each relevant part or proportion of the Collateral Assets or, as applicable, the entirety of the relevant Collateral Assets the highest quotation so obtained (which may be a quotation from the Security Agent or the Disposal Agent (when providing such quotations itself, the Security Agent or the Disposal Agent shall act in a commercially reasonable manner)).

Notwithstanding any other provision of these Secured Fully Floating Instruments Conditions, following receipt by the Security Agent of notice of an Acceleration Event, the Security Agent shall be entitled in its sole discretion, to instruct the Disposal Agent to liquidate, dispose or realise any of the Collateral Assets at any time and without regard to any of the provisions of the Secured Fully Floating Instruments Conditions with respect to method, price or time of such realisation, in order to satisfy any Security Agent Amounts, and without liability to any party for any such action.

6.7 **Inability to realise Collateral Assets**

If the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) is unable to sell the relevant Collateral Assets on any securities exchange or quotation service on which the Collateral Assets may be listed or quoted or obtain the three quotations required for the sale of one or more Collateral Assets, in each case pursuant to Secured Fully Floating Instruments Condition 6.6, for a period of one year from the date of the relevant Acceleration Instruction (such Collateral Assets being "**Non-Realised Collateral Assets**"), then notwithstanding any other provision hereof, the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) shall be entitled without liability to any party to sell such Non-Realised Collateral Assets by accepting the first available price for such Non-Realised Collateral Assets.

6.8 **Physical Delivery of Collateral Assets**

6.8.1 Where "Physical Delivery of Collateral Assets" is specified to be applicable in the applicable Final Terms, following enforcement of ~~a Deed of Charge~~ **the relevant Security Agreements**, the Security Agent (acting in accordance with an Acceleration Instruction) or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) shall:

- (a) firstly, apply any Cash held in the Collateral Account in payment of any amounts payable to the Secured Parties ranking prior to the Holders of Non-Waived Instruments in accordance with the Order of Priority specified in the applicable Final Terms; and
- (b) secondly, to the extent that any Cash held in the Collateral Account is insufficient to make payment of any amounts payable to the Secured Parties ranking prior to the Holders of Non-Waived Instruments in accordance with the Order of Priority specified in the applicable Final Terms, liquidate or realise in accordance with Secured Fully Floating Instruments Condition 6.6 an amount of Collateral Assets sufficient to make the payment of the remainder of such amounts in accordance with the Order of Priority specified in the applicable Final Terms,

the aggregate amount of Collateral Assets remaining in the relevant Collateral Account following such distribution of Cash and liquidation or realisation in accordance with this Secured Fully Floating Instruments Condition 6.8.1, the "Remaining Collateral Assets". The Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) shall notify the Secured Instruments Valuation Agent of the Collateral Assets comprising the Remaining Collateral Assets.

6.8.2 The Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) will notify the relevant Instrument Agent and the relevant Instrument Agent will notify Holders of the relevant Collateral Delivery Date in accordance with, in respect of Secured Notes, Notes Condition 14 (*Notices*) and, in respect of Secured W&C Instruments, W&C Instruments Conditions 12 (*Notices*) and:

- (a) the Secured Instruments Valuation Agent shall aggregate the Unrounded Collateral Assets Entitlement (excluding any Cash) in respect of all Non-Waived Instruments of such Series held by each such Holder and will round down such aggregated Unrounded Collateral Assets Entitlement to the nearest tradable unit of each type of Collateral Asset (the "**Entitlement**" in respect of such Holder);
- (b) the Secured Instruments Valuation Agent shall notify the Entitlement in respect of each Holder to the Security Agent and the Disposal Agent and to the Holders in accordance with, in respect of Secured Notes, Notes Condition 14 (*Notices*) and, in respect of Secured W&C Instruments, W&C Instruments Condition 12 (*Notices*);
- (c) the Security Agent (acting in accordance with an Acceleration Instruction) or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) shall deliver the relevant Entitlement to the Holders of the Non-Waived Instruments secured by the relevant Collateral Pool in accordance with the method of transfer of Collateral Assets specified in, with respect to Secured Notes, Physical Delivery Notes Condition 2 (*Delivery of Entitlement and Asset Transfer Notices*) or, with respect to Secured W&C Instruments, W&C Instruments Condition 25(C)(b) or 32(C)(b) (provided that no Expenses shall be payable), as applicable (and each reference therein to "Issuer" shall be deemed to be a reference to "Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent)"); and
- (d) the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) shall realise and liquidate in accordance with Secured Fully Floating Instruments Condition 6.6 the number or fraction of Collateral Assets which it is not possible to deliver to a Holder following rounding by the Secured Instruments Valuation Agent in accordance with sub-paragraph (a) above as notified to the Security Agent and the Disposal Agent in accordance with sub-paragraph (b) above and shall notify the Secured Instruments Valuation Agent of the amount of the proceeds of such realisation and liquidation. The Secured Instruments Valuation Agent shall notify the Fractional Cash Amount in respect of each Holder to the Security Agent and the Disposal Agent and to the Holders in accordance with in respect of Secured Notes, Notes Condition 14 (*Notices*) and, in respect of Secured W&C Instruments, W&C Instruments Condition 12 (*Notices*). The Security Agent (acting in accordance with an Acceleration Instruction) or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) shall pay the relevant Fractional Cash Amount to each Holder.

Delivery of such Entitlement and payment of such Fractional Cash Amount shall fully extinguish the Issuer's obligations in respect of the relevant Secured Instruments notwithstanding that the value of the Entitlement so delivered and Fractional Cash Amount so paid may be less than the market value and/or nominal value of the relevant Secured Instrument.

- 6.8.3 A Holder is only entitled to receive its Entitlement (and any Fractional Cash Amount) and delivery thereof is subject to Secured Fully Floating Instruments Condition 6.9. Any remaining Collateral Assets will be liquidated by the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) and the proceeds thereof distributed to the Secured Parties ranking after Holders of Non-Waived Instruments in accordance with the Order of Priority specified in the applicable Final Terms.
- 6.8.4 Where the Entitlement for a particular Holder is less than the sum of the Early Redemption/Settlement Amounts that would be payable in respect of each Non-Waived Instrument held by such Holder if "Physical Settlement of Collateral Assets" were deemed to be not applicable (such loss amount, the "**Collateral Enforcement Loss Amount**"), such Holder shall not be entitled to any further recourse against the Issuer, the Secured Instruments Collateral Provider or any other party for such Collateral Enforcement Loss Amount.
- 6.8.5 W&C Instruments Condition 5 shall not apply in respect of Secured W&C Instruments.
- 6.8.6 Physical Delivery Notes Condition 3 (*Entitlement Settlement Business Day and Settlement Business Day*), Physical Delivery Notes Condition 5 (*Failure to Deliver due to Illiquidity*) and Physical Delivery Notes Condition 6 (*Option to Vary Settlement*) shall not apply in respect of Secured Notes.

6.8.7 To the extent that any Cash in a Collateral Pool is not in the Specified Currency (in respect of Secured Notes) or Settlement Currency (in respect of Secured W&C Instruments), such Cash shall be converted at such rate or rates, in accordance with such method and as at such date as may reasonably be specified by the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent), having regard to then-current rates of exchange. Any rate, method and date so specified shall be binding on the Issuer, the Secured Instruments Collateral Provider and the Holders.

6.8.8 For the purposes of these Secured Fully Floating Instruments Conditions, the following definitions will apply:

"Collateral Delivery Date" means, in relation to a Series of Secured W&C Instruments where "Physical Delivery of Collateral Assets" is applicable, the date on which the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) intends to deliver the Entitlement to Holders.

"Fractional Cash Amount" means, in respect of a Holder, an amount in the Specified Currency (in respect of Secured Notes) or Settlement Currency (in respect of Secured W&C Instruments) determined by the Secured Instruments Valuation Agent as the sum of:

- (a) the *pro rata* share of the proceeds of such realisation and liquidation of such Holder whose Entitlement is subject to rounding (determined by the Secured Instruments Valuation Agent in respect of each Holder, on the basis of the difference between the aggregated Unrounded Collateral Assets Entitlement of such Holder minus the Entitlement of such Holder); plus
- (b) the *pro rata* share of any Cash comprised in the Remaining Collateral Assets of such Holder (determined by the Secured Instruments Valuation Agent in respect of each Holder, on the basis of the aggregated Unrounded Collateral Assets Entitlement of such Holder).

"Remaining Collateral Assets" has the meaning given in Secured Fully Floating Instruments Condition 6.8.1.

"Unrounded Collateral Assets Entitlement" means, for each Non-Waived Instrument in a Series of Secured Instruments, the lesser of:

- (a) Collateral Assets with a Market Value equal to the Market Value of the Collateral Assets comprising such Non-Waived Instrument's *pro rata* share of the Remaining Collateral Assets, in each case, as determined by the Collateral Agent in respect of the Secured Instrument Valuation Time for the Collateral Test Date immediately preceding delivery of the Collateral Enforcement Notice; and
- (b) Collateral Assets with a Market Value determined by the Collateral Agent in respect of the Secured Instrument Valuation Time for the Collateral Test Date immediately preceding delivery of the Collateral Enforcement Notice equal to, if the applicable Final Terms specify:
 - (i) "NV Collateralisation" or "Max (NV, MV) Collateralisation" to be applicable, the greater of:
 - (A) the product of (I) the Collateralisation Percentage, multiplied by (II) (1) in respect of Secured Instruments that are Secured Notes, the principal amount of such Non-Waived Instrument or (2) in respect of Secured Instruments that are Secured W&C Instruments, the Notional Amount of such Non-Waived Instrument; and
 - (B) the Early Redemption/Settlement Amount in respect of such Non-Waived Instrument; or
 - (ii) "MV Collateralisation" or "Min (NV, MV) Collateralisation" to be applicable, the Early Redemption/Settlement Amount in respect of such Non-Waived Instrument,

in each case, as determined by the Secured Instruments Valuation Agent.

6.8.9 This Condition 6.8 shall not apply to Secured Instruments which are Rule 144A Instruments.

6.9 **Physical Delivery of Collateral Assets Disruption Event**

- 6.9.1 If, in the opinion of the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent), delivery of all or some of the Collateral Assets forming part of the Entitlement using the method of delivery specified in respect of Secured Notes, in Physical Delivery Note Condition 2 (*Delivery of Entitlement and Asset Transfer Notices*) or, in respect of Secured W&C Instruments, W&C Instruments Condition 25(C)(b) or 32(C)(b) (as applicable and as notified to the Disposal Agent by the Security Agent), or such other commercially reasonable manner as the Security Agent, or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent), has determined, is not practicable by reason of a Physical Delivery of Collateral Assets Disruption Event having occurred and continuing on any Collateral Delivery Date, then such Collateral Delivery Date shall be postponed to the first following Collateral Business Day in respect of which there is no such Physical Delivery of Collateral Assets Disruption Event, provided that the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) may elect in its sole discretion and without liability to any party to deliver the Collateral Assets forming part of the Entitlement in such other commercially reasonable manner as it may select and in such event the Collateral Delivery Date shall be such day as the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) deems appropriate in connection with delivery of the Collateral Assets forming part of the Entitlement in such other commercially reasonable manner.

Where a Physical Delivery of Collateral Assets Disruption Event affects some but not all of the Collateral Assets forming part of the Entitlement due to be delivered to a Holder, the Collateral Delivery Date for those Collateral Assets forming part of the Entitlement which are able to be delivered will be the Collateral Delivery Date on which such Collateral Assets are delivered.

- 6.9.2 If delivery of any Collateral Assets forming part of the Entitlement is not possible due to the occurrence of a Physical Delivery of Collateral Assets Disruption Event for a period of greater than 20 Collateral Business Days, then in lieu of physical settlement and notwithstanding any other provision hereof, the Security Agent (acting in accordance with an Acceleration Instruction) or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) shall sell or realise the Undeliverable Collateral Assets in the manner set out in Secured Fully Floating Instruments Condition 6.6 and deliver the proceeds thereof to Holders.
- 6.9.3 If the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) is unable to either sell the Collateral Assets on any securities exchange or quotation service on which the Collateral Assets may be listed or quoted or obtain the three quotations required for the sale of the Collateral Assets, in each case pursuant to Secured Fully Floating Instruments Condition 6.6, the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) shall be entitled, without the Security Agent or the Disposal Agent incurring any liability to any party, to accept the first available price for such Collateral Assets.

The Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent), shall give notice as soon as practicable to the relevant Instrument Agent and the relevant Instrument Agent will give notice as soon as practicable to Holders in accordance with, in respect of Secured Notes, Notes Condition 14 (*Notices*) and, in respect of Secured W&C Instruments, W&C Instruments Condition 12 (*Notices*) that a Physical Delivery of Collateral Assets Disruption Event has occurred. No Holder shall be entitled to any payment in respect of the relevant Non-Waived Instruments in the event of any delay in the delivery of the Collateral Assets forming part of the Entitlement due to the occurrence of a Physical Delivery of Collateral Assets Disruption Event and no liability in respect thereof shall attach to the Issuer, the Secured Instruments Collateral Provider, the Security Agent or the Disposal Agent.

- 6.9.4 This Condition 6.9 shall not apply to Secured Instruments which are Rule 144A Instruments.

6.10 **Replacement Secured Instruments Valuation Agent**

If, following the delivery of a Collateral Enforcement Notice, the Secured Instruments Valuation Agent fails to make the applicable calculations and determinations specified in this Secured Fully Floating Instruments Condition 6, or fails to notify the Security Agent or the Disposal Agent of the results of such calculations and determinations, within a reasonable time and in any event within 20 Collateral Business Days of receipt of a written request from the Security Agent and/or Disposal Agent (acting on behalf of and at the instruction of the Security Agent) that it make such calculations and determinations, then the Security Agent shall as soon as reasonably practicable appoint a replacement Secured Instruments

Valuation Agent (a "**Replacement Secured Instruments Valuation Agent**") in accordance with Secured Fully Floating Instruments Condition 3.7.

7. ~~Segregation of Collateral Pools and~~ Limited Recourse and Non-Petition

By acquiring and holding Secured Instruments, Holders will be deemed to acknowledge and agree that the obligations of the Issuer to the Holders are limited in recourse to the Collateral Assets contained in the relevant Collateral Pool securing such Series of Secured Instruments. If:

- (a) there are no relevant Collateral Assets in the relevant Collateral Pool remaining which are capable of being realised or otherwise converted into cash;
- (b) all amounts available from the relevant Collateral Assets in the relevant Collateral Pool have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the relevant ~~Deed of Charge~~Security Agreements, the Security Agency Agreement and these Secured Fully Floating Instruments Conditions; and
- (c) there are insufficient amounts available from the relevant Collateral Assets in the relevant Collateral Pool to pay in full, in accordance with the provisions of the relevant ~~Deed of Charge~~Security Agreements, the Security Agency Agreement and these Secured Fully Floating Instruments Conditions, amounts outstanding under the Secured Instruments (including payments of principal, premium (if any) and interest),

then the Holders of such Secured Instruments shall have no further claim against the Issuer or the Secured Instruments Collateral Provider in respect of any amounts owing to them which remain unpaid (including, for the avoidance of doubt, payments of principal, premium (if any) and/or interest in respect of the Secured Instruments). In particular, no Holder shall be entitled to have recourse to the Collateral Assets contained in a Collateral Pool other than the Collateral Pool which secures the Secured Instruments held by such Holder. The Secured Instruments are not guaranteed by the Guarantor or any other entity and therefore Holders will have no claim against the Guarantor or any other entity in respect of any such amounts owing to them which remain unpaid.

8. Collateral Disruption Events

Upon the occurrence, as determined by the Secured Instruments Valuation Agent, of a Collateral Disruption Event, the Issuer may at its option and in good faith and in a commercially reasonable manner give notice to the Holders in accordance with, in respect of Secured Notes, Notes Condition 14 (*Notices*) and, in respect of Secured W&C Instruments, W&C Instruments Condition 12 (*Notices*) and cancel all, but not less than all, of the Secured Instruments of the relevant Series at the Early Redemption/Settlement Amount on the date specified by the Issuer in the notice to Holders, provided that such date shall be no later than two Business Days following the date of such notice.

9. MTM Trigger Event

9.1 Consequences of a MTM Trigger Event

If "MTM Trigger Event" is specified to be applicable in the applicable Final Terms and a MTM Trigger Event occurs or is continuing in respect of a Series of Secured Instruments, as determined by the Secured Instruments Valuation Agent, the Issuer shall:

- (a) in respect of Secured Notes, redeem all but not some only of the Secured Notes of such Series by giving notice to the Holders in accordance with Notes Condition 14 (*Notices*); or
- (b) in respect of Secured W&C Instruments, cancel all but not some only of the Secured W&C Instruments of such Series by giving notice to Holders in accordance with W&C Instruments Condition 12 (*Notices*).

If the Issuer cancels the Secured Instruments due to the occurrence of a MTM Trigger Event, then the Issuer shall pay an amount in the Specified Currency (in respect of Secured Notes) or Settlement Currency (in respect of Secured W&C Instruments) equal to the Early Redemption/Settlement Amount to each Holder in respect of each Non-Waived Instrument held by such Holder.

Payment will be made in such manner and on such date as shall be notified by the Issuer to the Holders in accordance with, in respect of Secured Notes, Notes Condition 14 (*Notices*) and, in respect of Secured W&C Instruments W&C Instruments Condition 12 (*Notices*), provided that such date shall be no later than two Business Days following the date of such notice.

9.2 Additional Definitions

For the purposes of this Secured Fully Floating Instruments Condition 9, the following definitions will apply:

"MTM Trigger Event" means, in respect of a Series of Secured Instruments, that (and a MTM Trigger Event shall have occurred if) the Secured Instrument Intra-day Market Value at any time during Specified Business Hours on any MTM Trigger Observation Day falling in the MTM Trigger Observation Period is (a) if "less than the MTM Trigger Level" is specified in the applicable Final Terms, less than the MTM Trigger Level or (b) if "less than or equal to the MTM Trigger Level" is specified in the applicable Final Terms, less than or equal to the MTM Trigger Level, as determined by the Secured Instruments Valuation Agent.

"MTM Trigger Level" means the amount specified as such in the applicable Final Terms.

"MTM Trigger Observation Day" means each day falling in the MTM Trigger Observation Period on which levels, prices or values of each of the underlying asset(s) of the Secured W&C Instruments are announced, published or determined by the relevant exchange(s), quotation system(s), trading facility(ies), price source(s), sponsor(s) or service provider(s) (as applicable) in respect of such underlying asset(s) or any other relevant reference source(s) for the valuation of such underlying asset(s), as determined by the Secured Instruments Valuation Agent or any other day specified as such in the applicable Final Terms or otherwise determined as provided in the applicable Final Terms.

"MTM Trigger Observation Period" means the period specified as such in the applicable Final Terms or otherwise determined as provided in the applicable Final Terms.

"Secured Instrument Intra-day Market Value" means, in respect of a Series of Secured Instruments and any relevant time on any relevant day, the amount determined by the Secured Instruments Valuation Agent as the market value applicable to each Non-Waived Instrument of such Series of Secured Instruments as of such time on such day, which shall be calculated by reference to such factors as the Secured Instruments Valuation Agent considers to be appropriate including, without limitation:

- (a) market prices or values for any underlying asset(s) to which the Secured Instruments are linked and other relevant economic variables (such as interest rates and, if applicable, exchange rates) at the relevant time;
- (b) the remaining term of the Secured Instruments until, in respect of Secured Notes, their scheduled maturity date and final redemption, or, in respect of Secured W&C Instruments, their scheduled exercise and final settlement;
- (c) internal pricing models; and
- (d) prices at which other market participants might bid for securities similar to the Secured Instruments.

"Specified Business Hours" means, in respect of any day, the time period from, and including, 5.00 a.m., Sydney time, on that day, to and including, 5.00 p.m., New York City time, on that day, or such other time period(s) specified in the applicable Final Terms or otherwise determined as provided in the applicable Final Terms.

10. Release of Security

The security constituted by the relevant ~~Deed of Charge~~ Security Agreements will be released in relation to Collateral Assets that are withdrawn from the Collateral Account (or, in the case of Korean Pledged Securities, when the pledge in respect of such Collateral Assets in the Korean Securities Account is removed from the register) in accordance with Secured Fully Floating Instruments Condition 4.4 or

Secured Fully Floating Instruments Condition 4.5 and in accordance with the provisions of the relevant ~~Deed of Charge~~Security Agreements.

**Part B – AMENDED AND RESTATED SECURED FULLY FLOATING INSTRUMENTS
CONDITIONS**

This section indicates the amended and restated text which will be inserted in the Original Offering Circular

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ANNEX 14

ADDITIONAL TERMS AND CONDITIONS FOR SECURED FULLY FLOATING INSTRUMENTS

1. Interpretation

If this Annex 14 is specified as applicable in the applicable Final Terms, the terms and conditions applicable to: (a) Secured Notes shall comprise the terms and conditions of the Notes (the "**Notes Conditions**") and the Additional Terms and Conditions for Secured Fully Floating Instruments set out below (the "**Secured Fully Floating Instruments Conditions**"), and (b) Secured W&C Instruments shall comprise the terms and conditions of the W&C Instruments (the "**W&C Instruments Conditions**") and the Secured Fully Floating Instruments Conditions, in each case, subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the Note Conditions, in the case of Secured Notes, or the W&C Instruments Conditions, in the case of Secured W&C Instruments and the Secured Fully Floating Instruments Conditions, the Secured Fully Floating Instruments Conditions shall prevail. In the event of any inconsistency between (a) the Notes Conditions or the W&C Instruments Conditions and/or the Secured Fully Floating Instruments Conditions and (b) the applicable Final Terms, the applicable Final Terms shall prevail. References in the Secured Fully Floating Instruments Conditions to "Secured Instrument" and "Secured Instruments" shall be deemed to be references to "Secured Note" and "Secured Notes" or "Secured W&C Instrument" and "Secured W&C Instruments" as the context admits.

For the avoidance of doubt, where this Annex 14 applies, the terms of Annex 13 shall not apply to the Secured W&C Instruments.

2. Definitions

For the purposes of these Secured Fully Floating Instruments Conditions:

"**Acceleration Event**" has the meaning given to it in Secured Fully Floating Instruments Condition 4.8.1.

"**Acceleration Instruction**" has the meaning given to it in Secured Fully Floating Instruments Condition 4.8.2.

"**Acceleration Notice**" means a notice substantially in the form of Part 1 of Schedule 22 of the English Law Agency Agreement delivered by a Holder of any Non-Waived Instrument to the relevant Instrument Agent:

- (a) specifying that a Secured Instrument Event of Default has occurred and is continuing in respect of such Non-Waived Instrument;
- (b) instructing the Security Agent to deliver the notices specified in Secured Fully Floating Instruments Condition 6.1;
- (c) instructing the Security Agent to enforce the security constituted by the relevant Security Agreements and distribute the proceeds (and, if applicable, physically settle the Entitlement), in each case, in accordance with these Secured Fully Floating Instruments Conditions and the terms of the relevant Security Agreements and the Security Agency Agreement;
- (d) instructing the Security Agent to appoint a Disposal Agent, if a Disposal Agent has not already been appointed, and provide instructions to the Disposal Agent in accordance with these Secured Fully Floating Instruments Conditions; and
- (e) instructing the Security Agent to perform any further actions of the Security Agent specified in these Secured Fully Floating Instruments Conditions, the relevant Security Agreements and the Security Agency Agreement or any reasonably incidental actions,

provided that the Security Agent shall not be bound by any such instruction until it receives an Acceleration Instruction in accordance with Secured Fully Floating Instruments Condition 4.8.2.

Any Acceleration Notice shall be in writing and delivered to the Issuer and the relevant Instrument Agent and shall include such details as are necessary to establish and verify the Non-Waived Instruments held by the Holder delivering such notice.

"**Affiliate**" means in relation to any entity (the "**First Entity**"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "**control**" means ownership of a majority of the voting power of an entity.

"**Bilateral Deed of Charge**" means a deed of charge governed by English law between the Secured Instruments Collateral Provider and the Security Agent under which:

- (a) the Secured Instruments Collateral Provider charges by way of first fixed charge its rights and title in the Segregated Collateral Assets in favour of the Security Agent on behalf of itself and the other Secured Parties in accordance with the Security Agency Agreement; and
- (b) the Secured Instruments Collateral Provider assigns by way of security its rights, title and interest in the Segregated Collateral Accounts (including, without limitation, any contractual rights, interests or claims relating to such Segregated Collateral Accounts) and the Charged Documents in favour of the Security Agent on behalf of itself and the other Secured Parties in accordance with the Security Agency Agreement.

"**Cash**" means the money and currency of any jurisdiction which the Collateral Agent accepts for deposit in a Collateral Account.

"**Charged Documents**" means each of the Secured Instruments Collateral Provider Agreement, the Valuation Agency Agreement and the relevant Triparty Account Control Agreement.

"**Collateral Accounts**" has the meaning given to it in Secured Fully Floating Instruments Condition 4.1.

"**Collateral Agent**" means The Bank of New York Mellon, London Branch (or any substitute or replacement entity appointed in respect thereof pursuant to the terms of the relevant Triparty Account Control Agreement), and, if applicable, any sub-agent of, or any other entity appointed by the Collateral Agent.

"**Collateral Agent Notice**" means a notice (which may be given in any form agreed between the Secured Instruments Collateral Provider and the Collateral Agent, including but not limited to, electronic message, exchange of electronic files or by telephone) from the Collateral Agent to the Secured Instruments Collateral Provider providing details of why the Collateral Agent considers that the Collateral Test is not satisfied in respect of a Collateral Test Date or that the Collateral Test will not be satisfied (or will no longer be satisfied) after taking into account any adjustments specified in a Collateral Test Notice.

"**Collateral Assets**" means, in respect of a Series of Secured Instruments, Eligible Collateral Assets that are (a) Delivered into and held in a Segregated Collateral Account relating to such Series of Secured Instruments (the "**Segregated Collateral Assets**") and (b) Korean law governed securities (the "**Korean Securities**") which are held in the Korean Securities Account and are registered as pledged (the "**Korean Pledged Securities**") (if applicable).

"**Collateral Assets Table**" means the table specified as such in the applicable Final Terms.

"**Collateral Arrangement Party**" means the Secured Instruments Collateral Provider, the Collateral Agent, the Custodian and the Secured Instruments Valuation Agent.

"**Collateral Business Day**" means a day:

- (a) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London; and
- (b) the offices of the Collateral Agent in London are open for business.

"Collateral Disruption Event" means either:

- (a) the Secured Instruments Collateral Provider and/or any of its Affiliates considers, acting in good faith and in a commercially reasonable manner, that it:
 - (i) is unable, as a result of any legal, contractual or other restrictions or constraints (including, without limitation, any laws, regulations, court orders, other governmental or regulatory constraints), adverse market conditions or a lack of liquidity in the market or otherwise, after using commercially reasonable efforts to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) or any futures or option contracts it deems necessary to obtain Eligible Collateral Assets; or (B) freely realise, recover, remit, receive, re-patriate or transfer the proceeds of any such transactions(s) or assets(s) or futures or option contract(s) or any relevant hedge positions relating to the Eligible Collateral Assets; or
 - (ii) would incur a materially increased (as compared with circumstances existing on the date on which the issue of a Series of Secured Instruments is first priced) amount of tax, duty, expense, fee (other than brokerage commissions) or other relevant cost (including, for the avoidance of doubt, any funding cost) to (A) acquire, borrow, substitute, or dispose of any Eligible Collateral Assets, (B) establish, re-establish, substitute, maintain, unwind or dispose of any transaction entered into by the Secured Instruments Collateral Provider or any of its Affiliates in connection with the Eligible Collateral Assets or (C) realise, recover or remit the proceeds of any such Eligible Collateral Assets; or
- (b) the Issuer is unable, after using commercially reasonable efforts, to find a suitable substitute or replacement Collateral Arrangement Party following the termination of the relevant agreement or resignation or removal for any reason of a Collateral Arrangement Party; or
- (c) the Secured Instruments Collateral Provider considers, in good faith and in a commercially reasonable manner, that a Collateral Settlement Disruption has occurred.

"Collateral Enforcement Notice" means a notice in writing from the Security Agent (acting in accordance with an Acceleration Instruction) to the Issuer, the Secured Instruments Collateral Provider and the relevant Instrument Agent in or substantially in the form annexed to the relevant Deed of Charge:

- (a) specifying that a Series of Secured Instruments are immediately due and repayable at their Early Redemption/Settlement Amount (and, where "Physical Delivery of Collateral Assets" is specified to be applicable in the applicable Final Terms and except where the Series of Secured Instruments are Rule 144A Instruments, that such Secured Instruments will be subject to settlement in accordance with Secured Fully Floating Instruments Condition 6.8); and
- (b) enforcing the security constituted by the relevant Security Agreements in accordance with the terms thereof and the terms of these Secured Fully Floating Instruments Conditions and the Security Agency Agreement.

"Collateralisation Percentage" means the percentage level specified as such in the applicable Final Terms. The applicable Final Terms may specify a different Collateralisation Percentage in respect of different Collateral Test Dates.

"Collateral Enforcement Proceeds" means the net proceeds of realisation of, or enforcement with respect to, the relevant Collateral Assets in a Collateral Pool and the security constituted by the relevant Security Agreements following payment of all amounts payable to the Secured Parties ranking prior to the Holders of Non-Waived Instruments in accordance with the Order of Priority specified in the applicable Final Terms.

"Collateral Enforcement Proceeds Share" means, in respect of a Series of Secured Instruments, the *pro rata* share of the Collateral Enforcement Proceeds attributable to each Non-Waived Instrument in such Series of Secured Instruments.

"Collateral Pool" means, in respect of a Series of Secured Instruments, the pool of Collateral Assets over which security is granted pursuant to the relevant Security Agreements.

"Collateral Settlement Disruption" means any event (including, but not limited to, as a result of a failure or inability of the relevant Clearing System to clear the relevant Eligible Collateral Assets) beyond the control of the Secured Instruments Collateral Provider and/or its Affiliates as a result of which Eligible Collateral Assets have not been settled into the Custodian Account and/or the Korean Securities Account (as applicable) within the regular settlement period for such Eligible Collateral Assets under normal market conditions.

"Collateral Test" means, in respect of a Collateral Pool and a Collateral Test Date (and the Collateral Test will be satisfied if), a determination by the Collateral Agent as to whether the Collateral Value in respect of such Collateral Test Date is greater than or equal to the Required Collateral Value in respect of such Collateral Test Date. When determining whether the Collateral Test is satisfied on a Collateral Test Date:

- (a) the Collateral Pool on the Collateral Test Date shall be included for such determination;
- (b) Eligible Collateral Assets for which instructions for the transfer to the relevant Collateral Accounts have been provided on or before such Collateral Test Date in the Collateral Test Notice for such Collateral Test Date will be included for such determination to the extent such Eligible Collateral Assets have not been transferred and are not part of the Collateral Pool on the Collateral Test Date; and
- (c) Collateral Assets for which instructions for the removal from the relevant Collateral Accounts have been provided (or, in the case of Korean Pledged Securities, instructions for the removal of the pledge from the register in respect of such Korean Pledged Securities) on or before such Collateral Test Date will be excluded for the purposes of such determination if such Collateral Assets have not been transferred out of the relevant Collateral Accounts and/or released from the relevant pledge (as the case may be) on such Collateral Test Date.

"Collateral Test Date" means, in respect of a Collateral Pool, the Issue Date of the relevant Series of Secured Instruments which are secured by such Collateral Pool and each Collateral Business Day falling in the period from, but excluding, the Issue Date of such Secured Instruments and ending on, and including, the Business Day immediately preceding the Settlement Date or Final Redemption Date (as applicable)).

"Collateral Test Notice" means a notice sent or caused to be sent by the Secured Instruments Collateral Provider to the Collateral Agent in relation to a particular Collateral Pool specifying the Required Collateral Value for such Collateral Pool in respect of the relevant Collateral Test Date (and such notice may (but is not required to) include specific adjustments to be made to the Collateral Pool (including *inter alia* the type and quantity of any Eligible Collateral Assets to be deposited or registered and/or Collateral Assets to be removed or released)).

"Collateral Transaction Documents" means the Secured Instruments Collateral Provider Agreement, the Custodian Agreement to the extent to which it relates to the Collateral Accounts, the Valuation Agency Agreement, the Security Agency Agreement, each relevant Security Agreement and the Triparty Account Control Agreement.

"Collateral Valuation Currency" means the currency specified as such in the applicable Final Terms.

"Collateral Valuation Time" means on or around the opening of the relevant Collateral Business Day or such other time as the Collateral Agent determines the Collateral Value on the relevant Collateral Test Date.

"Collateral Value" means, in respect of a Collateral Pool and a Collateral Test Date, an amount expressed in the Collateral Valuation Currency equal to the sum of the Margin Value of each Collateral Asset in such Collateral Pool on such Collateral Test Date, as determined by the Collateral Agent.

If "Collateral Valuation at Nominal Value" is specified to be applicable in the applicable Final Terms, the Collateral Value shall be deemed to be equal to an amount expressed in the Collateral Valuation Currency equal to the aggregate nominal amount of the Collateral Assets consisting of Eligible Collateral Assets comprised in such Collateral Pool on such Collateral Test Date, as determined by the Collateral Agent. Where the relevant currency or denomination of a Collateral Asset is other than the Collateral Valuation Currency, the Secured Instruments Valuation Agent shall convert the nominal amount of such

Collateral Asset at the relevant spot rate or spot rates in accordance with such method and as at such time as the Secured Instruments Valuation Agent may select in its discretion, having regard to then-current rates of exchange, and shall notify the Collateral Agent of such converted amount.

"**Custodian**" means The Bank of New York Mellon, London Branch (or any substitute or replacement entity appointed in respect thereof pursuant to the terms of the Custodian Agreement) and, if applicable, any sub-custodian of, or any other entity appointed by the Custodian.

"**Custodian Account**" has the meaning given to it in the Custodian Agreement.

"**Custodian Agreement**" means the agreement between, *inter alia*, The Bank of New York Mellon, London Branch as Custodian and the Secured Instruments Collateral Provider as amended, restated and/or supplemented from time to time.

"**Deed of Charge**" means the relevant Bilateral Deed of Charge or Triparty Deed of Charge (as applicable).

"**Deliver**" means to deliver, novate, transfer, credit to, assign or sell, as appropriate, in a manner customary for the settlement of the applicable Collateral Asset (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the Collateral Asset free and clear of any and all liens, charges, claims or encumbrances. "**Delivery**" and "**Delivered**" will be construed accordingly.

"**Disposal Agent**" means any agent appointed by the Security Agent to realise, dispose of and, if applicable, physically settle Collateral Assets held in the Collateral Account(s) securing the relevant Series of Secured Instruments (or any substitute or replacement entity appointed in respect thereof) following the delivery of a Collateral Enforcement Notice and, if applicable, any sub-agent of, or any other entity appointed by the Disposal Agent.

"**Early Redemption/Settlement Amount**" means, in respect of a Secured Instrument, an amount in the Specified Currency (in respect of Secured Notes) or Settlement Currency (in respect of Secured W&C Instruments) equal to:

- (a) the greater of zero and the fair market value of such Secured Instrument, less the costs to the Issuer and/or its Affiliates or agents of unwinding any underlying related hedging arrangements (including any costs of funding in respect of such hedging arrangements) in respect of such Secured Instrument, each as determined by the Secured Instruments Valuation Agent, acting in good faith and in a commercially reasonable manner. The fair market value of such Secured Instrument shall be calculated by reference to such factors as the Secured Instruments Valuation Agent considers to be appropriate including, without limitation:
 - (i) market prices or values for any underlying asset(s) to which the Secured Instruments are linked and other relevant economic variables (such as interest rates and, if applicable, exchange rates) at the relevant time;
 - (ii) the remaining term of the Secured Instruments until, in respect of Secured Notes, their scheduled maturity date and final redemption, or, in respect of Secured W&C Instruments, their scheduled exercise and final settlement;
 - (iii) internal pricing models; and
 - (iv) prices at which other market participants might bid for securities similar to the Secured Instruments; and
- (b) if the Secured Instruments are not linked to a Reference Item, the Specified Denomination of such Secured Instruments.

"**Eligibility Criteria**" means, in relation to a Series of Secured Instruments and an Eligible Collateral Class, each of the criteria that is specified to be applicable in the row of the Collateral Assets Table set out in the applicable Final Terms corresponding to such Eligible Collateral Class, save that, even if not specified in the row of the Collateral Assets Table set out in the applicable Final Terms corresponding to such Eligible Collateral Class, no issuer in respect of any Collateral Assets shall be incorporated in the

United Kingdom and no payment with respect to, or in connection with, any Collateral Assets shall have a United Kingdom source, unless such Series of Secured Instruments are listed on a recognised stock exchange.

Notwithstanding the Eligibility Criteria specified to be applicable in the applicable Final Terms in respect of a Series of Secured Instruments, the Collateral Agent shall be obliged to refer only to the terms of the relevant Triparty Account Control Agreement in determining whether the MTM Collateral Assets comply with the eligibility criteria set out in the relevant Triparty Account Control Agreement.

Notwithstanding the foregoing, if "Only Initial Collateral Assets are Eligible" is specified to be applicable in the applicable Final Terms, the only assets that will be deemed to meet the Eligibility Criteria of each Eligible Collateral Class will be those which are of the same type as any of the assets delivered into the Collateral Account(s) on the Issue Date.

"Eligible Collateral Assets" means Cash and assets which satisfy all of the Eligibility Criteria applicable to an Eligible Collateral Class. Assets which satisfy all of the Eligibility Criteria that are specified to be applicable to an Eligible Collateral Class will be Eligible Collateral Assets notwithstanding that such assets do not satisfy the Eligibility Criteria applicable to another Eligible Collateral Class.

"Eligible Collateral Class" means the Eligibility Criteria that are specified to be applicable in a row of the Collateral Asset Table set out in the applicable Final Terms and which together define a class or type of Eligible Collateral Assets.

"Extraordinary Security Agent Liabilities" means Liabilities incurred by the Security Agent and, where applicable, the Disposal Agent, in the event that the Security Agent determines, acting reasonably, that it is necessary or is requested by the Issuer, the Secured Instruments Collateral Provider or any Secured Party to undertake duties which are of an exceptional nature or otherwise outside the scope of the duties of the Security Agent and, where applicable, the Disposal Agent, under the Security Agency Agreement, any relevant Security Agreement and the Secured Fully Floating Instruments Conditions.

"Instrument Agents" means:

- (a) in respect of Secured Instruments that are Secured Notes, the Paying Agents; and
- (b) in respect of Secured Instruments that are Secured W&C Instruments, the Principal W&C Instrument Agent,

and, each an **"Instrument Agent"**.

"Korean Law Security Agreement" means a pledge agreement governed by the laws of the Republic of Korea between the Secured Instruments Collateral Provider and the Security Agent under which the Secured Instruments Collateral Provider creates a first priority continuing security interest (*Kun Jil Kwon*) over all its rights and title in the Korean Pledged Securities (as defined therein) in favour of the Security Agent.

"Korean Securities Account" means a local securities account of the Secured Instruments Collateral Provider held at the Korean sub-custodian designated by the Custodian.

"Korean Securities" means securities that are listed, traded or dealt on the Korean Exchange.

"Liability" means, for the purposes of these Secured Fully Floating Instruments Conditions, any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis (and **"Liabilities"** shall be construed accordingly).

"Margin Percentage" means, in respect of a Collateral Asset, the percentage amount specified in the row of the Collateral Assets Table set out in the applicable Final Terms corresponding to the Eligible Collateral Class of such Collateral Asset contained in a Collateral Pool. For the avoidance of doubt, the applicable Final Terms shall specify one Margin Percentage value per Eligible Collateral Class.

"Margin Value" means, in respect of a Collateral Asset in a Collateral Pool on a Collateral Test Date, an amount equal to the quotient of (a) the Market Value of such Collateral Asset for such Collateral Test Date, divided by (b) the Margin Percentage applicable to such Collateral Asset, as determined by the Collateral Agent.

"Market Value" means, in respect of a Collateral Test Date and a Collateral Asset in a Collateral Pool that is:

- (a) a security, an amount expressed in the Collateral Valuation Currency calculated by the Collateral Agent in its sole discretion as the sum of:
 - (i) the market value of such Collateral Asset in respect of such Collateral Test Date as determined by the Collateral Agent in its sole and absolute discretion based on the most recently available closing bid price (traded or quoted excluding accrued interest in respect of such Collateral Asset that is a fixed income debt security) for such Collateral Asset made available to the Collateral Agent as at the Collateral Valuation Time on such Collateral Test Date. The closing bid price used for these purposes will usually be the closing bid price in respect of the trading day for such Collateral Asset immediately preceding such Collateral Test Date displayed as of the Collateral Valuation Time on pricing information services used generally by the Collateral Agent for pricing such Collateral Assets, provided that if the Collateral Agent is unable to obtain the closing bid price of such Collateral Asset from such pricing information services as of the Collateral Valuation Time on such Collateral Test Date, then the market value shall be determined in good faith by the Collateral Agent in the reasonable exercise of its discretion based on information furnished to the Collateral Agent by one or more brokers in such Collateral Asset or on the basis of a formula utilised by the Collateral Agent for such purpose in the ordinary course of its business; plus
 - (ii) in respect of a Collateral Asset that is a fixed income debt security, accrued but unpaid distributions (if any) on such Collateral Asset; or
- (b) Cash, an amount expressed in the Collateral Valuation Currency equal to its nominal or face amount,

in each case, where the relevant currency or denomination of a Collateral Asset is other than the Collateral Valuation Currency, the Secured Instruments Valuation Agent shall convert the value of such Collateral Asset (or other relevant values) at the relevant spot rate or spot rates in accordance with such method and as at such time as the Secured Instruments Valuation Agent may select in its discretion, having regard to then-current rates of exchange, and shall notify the Collateral Agent of such converted value.

"Non-Waived Instruments" means, in relation to a Series of Secured Instruments and any relevant date, those Secured Instruments which are not Waived Instruments on such date.

"Notice of Exclusive Control" means a notice in writing given in accordance with (and in or substantially in the form annexed to) the relevant Triparty Account Control Agreement from the Security Agent (acting in accordance with an Acceleration Instruction) to the Collateral Agent specifying that the Collateral Agent act solely upon the instructions of the Security Agent with respect to the Segregated Collateral Account(s) and the Korean Pledged Securities and instructing the Collateral Agent to deliver the Collateral Assets held in such Segregated Collateral Accounts or which are Korean Pledged Securities to the Security Agent.

"Notice of Intended Enforcement" means a notice in writing given in accordance with (and in or substantially in the form annexed to) the relevant Triparty Account Control Agreement from the Security Agent (acting in accordance with an Acceleration Instruction) to the Korean sub-custodian instructing the Korean sub-custodian to deliver the Korean Pledged Securities held in the Korean Securities Account to the securities account of the Security Agent (as specified therein).

"Notional Amount" has the meaning given to it in W&C Instruments Condition 4.

"Order of Priority" means the order specified in the applicable Final Terms following which the Security Agent shall apply moneys received following enforcement of the relevant Security Agreements in accordance with Secured Fully Floating Instruments Condition 6 below. The Order of Priority may be

the Standard Order of Priority (as defined below) or any alternative order of item (c), (d) and (e) below, as specified in the applicable Final Terms (provided that items (a) and (b) shall always be the first and second items in the Order of Priority).

- (a) in from time to time setting aside Security Agent Amounts which the Security Agent will apply in settlement of Security Agent Liabilities and from which the Security Agent may apply in settlement of Extraordinary Security Agent Liabilities;
- (b) on a *pro rata* and *pari passu* basis, in payment or satisfaction of all Liabilities incurred by or payable by the Issuer and/or the Secured Instruments Collateral Provider, in relation to the relevant Secured Instruments, to the Security Agent and, where applicable, the Disposal Agent (which shall include any taxes required to be paid, the costs of realising any security (including the distribution of enforcement proceeds and/or, where "Physical Delivery of Collateral Assets" is applicable, Delivery of the Entitlement to the Holders of the related Secured W&C Instruments) and the remuneration of the Security Agent and, where applicable, the Disposal Agent); such amounts together the "**Security Agent Liabilities**";
- (c) in payment of any amounts due to be paid or reimbursed to the Collateral Agent by the Secured Instruments Collateral Provider;
- (d) in payment of any amounts due to Holders of Non-Waived Instruments in accordance with Secured Fully Floating Instruments Condition 6 below;
- (e) *pro rata* in payment of any amounts owed to the creditors (if any) whose claims have arisen as a result of the creation, operation or liquidation of the Collateral Assets (save to the extent that the claims of any such creditor fall within paragraphs (a) to (d) above); and
- (f) payment of the balance (if any) to the Secured Instruments Collateral Provider,

and the "**Standard Order of Priority**" means that the Order of Priority shall follow the order (a), (b), (c), (d), (e), (f) specified above.

"**Physical Delivery of Collateral Assets Disruption Event**" means any event beyond the control of the Issuer, the Secured Instruments Collateral Provider, the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent), as applicable, as a result of which the Physical Delivery Clearing System cannot Deliver some or all of the Entitlement required to be delivered pursuant to the terms of these Secured Fully Floating Instruments Conditions.

"**Physical Delivery Clearing System**" means, in respect of Secured Notes, the relevant Clearing System of the securities account specified by a Holder in accordance with Physical Notes Condition 2 (*Delivery of Entitlement and Asset Transfer Notices*) or, in respect of Secured W&C Instruments, it has the meaning given to it in W&C Instruments Condition 25(C)(b) or 31(A) (as applicable).

"**Relevant Number**" means:

- (a) in respect of Secured Instruments that are Secured Notes, the aggregate principal amount outstanding of Non-Waived Instruments of a Series of Secured Instruments divided by the specified denomination of each Non-Waived Instrument of such Series of Secured Instruments; and
- (b) in respect of Secured Instruments that are Secured W&C Instruments, the number of Non-Waived Instruments of a Series of Secured Instruments.

"**Required Collateral Default**" means, following receipt by the Secured Instruments Collateral Provider of a Collateral Agent Notice which indicates that the Collateral Test is not satisfied (or will not be satisfied after taking into account any adjustments specified in a Collateral Test Notice):

- (a) the Secured Instruments Collateral Provider fails to instruct the Collateral Agent to transfer sufficient additional Eligible Collateral Assets;
- (b) the additional necessary Eligible Collateral Assets are not Delivered into the relevant Collateral Account on the next Collateral Business Day; and/or

- (c) in the case of Eligible Collateral Assets held in the Korean Securities Account, the Secured Instruments Collateral Provider fails to instruct the Collateral Agent to register the pledge and/or such pledge is not registered,

and such failure results in the Collateral Test not being satisfied for one Collateral Business Day following the delivery of such Collateral Agent Notice.

"Required Collateral Default Notice" means a notice (which may be given in any form agreed between the Collateral Agent and the Secured Instruments Collateral Provider, including but not limited to, electronic message, exchange of electronic files or by telephone) given in accordance with the relevant Triparty Account Control Agreement by the Collateral Agent to the Secured Instruments Collateral Provider and the Security Agent, specifying that a Required Collateral Default has occurred.

"Required Collateral Value" means, in respect of a Collateral Pool and a Collateral Test Date:

- (a) if "MV Collateralisation" is specified as the "Type of Collateralisation" in the applicable Final Terms, the product of (i) the Collateralisation Percentage, multiplied by (ii) the Secured Instrument Market Value in respect of the Secured Instrument Valuation Time for such Collateral Test Date of the relevant Series of Secured Instruments, multiplied by (iii) the Relevant Number of outstanding Non-Waived Instruments of such Series of Secured Instruments;
- (b) if "NV Collateralisation" is specified as the "Type of Collateralisation" in the applicable Final Terms, the product of (i) the Collateralisation Percentage, multiplied by (ii) (A) in respect of Secured Instruments that are Secured Notes, the total aggregate principal amount of the Non-Waived Instruments of such Series of Secured Instruments or (B) in respect of Secured Instruments that are Secured W&C Instruments, the sum of the Notional Amount of each outstanding Non-Waived Instrument of such Series of Secured Instruments;
- (c) if "Min (MV, NV) Collateralisation" is specified as the "Type of Collateralisation" in the applicable Final Terms, the lower of:
 - (i) the product of (A) the Collateralisation Percentage, multiplied by (B) the Secured Instrument Market Value in respect of the Secured Instrument Valuation Time for such Collateral Test Date of the relevant Series of Secured Instruments, multiplied by (C) the Relevant Number of outstanding Non-Waived Instruments of such Series of Secured Instruments; and
 - (ii) the product of (A) the Collateralisation Percentage, multiplied by (B) (I) in respect of Secured Instruments that are Secured Notes, the total aggregate principal amount of the Non-Waived Instruments of such Series of Secured Instruments or (II) in respect of Secured Instruments that are Secured W&C Instruments, the sum of the Notional Amount of each outstanding Non-Waived Instrument of such Series of Secured Instruments; or
- (d) if "Max (MV, NV) Collateralisation" is specified as the "Type of Collateralisation" in the applicable Final Terms, the greater of:
 - (i) the product of (A) the Collateralisation Percentage, multiplied by (B) the Secured Instrument Market Value in respect of the Secured Instrument Valuation Time for such Collateral Test Date of the relevant Series of Secured Instruments, multiplied by (C) the Relevant Number of outstanding Non-Waived Instruments of such Series of Secured Instruments; and
 - (ii) the product of (A) the Collateralisation Percentage, multiplied by (B) (I) in respect of Secured Instruments that are Secured Notes, the total aggregate principal amount of the Non-Waived Instruments of such Series of Instruments or (II) in respect of Secured Instruments that are Secured W&C Instruments, the sum of the Notional Amount of each outstanding Non-Waived Instrument of such Series of Secured Instruments.

"Secured Parties" means the parties referred to in sub-paragraphs (a) to (f) (inclusive) of the definition of Order of Priority (each, a **"Secured Party"**).

"Secured Instruments Collateral Provider" means Merrill Lynch International (or any substitute or replacement entity appointed in respect thereof pursuant to the terms of the Secured Instruments Collateral Provider Agreement and/or these Secured Fully Floating Instruments Conditions) and, if applicable, any sub-agent of, or any other entity appointed by the Secured Instruments Collateral Provider.

"Secured Instruments Collateral Provider Agreement" means the agreement between, *inter alia*, Merrill Lynch International as Secured Instruments Collateral Provider and the Issuer as amended, restated and/or supplemented from time to time.

"Secured Instrument Event of Default" has the meaning given in Secured Fully Floating Instruments Condition 4.8.

"Secured Instrument Market Value" means, in respect of a Series of Secured Instruments in relation to which "MV Collateralisation", "Min (MV, NV) Collateralisation" or "Max (MV, NV) Collateralisation" is applicable and a Collateral Test Date, the amount determined by the Secured Instruments Valuation Agent as the market value applicable to (a) in respect of Secured Instruments that are Secured Notes, the principal amount of each Non-Waived Instrument (equal to the specified denomination of each Non-Waived Instrument) of such Series of Secured Instruments or (b) in respect of Secured Instruments that are Secured W&C Instruments, each Non-Waived Instrument of such Series of Secured Instruments, each as of the Secured Instrument Valuation Time for such Collateral Test Date, which shall be calculated by reference to such factors as the Secured Instruments Valuation Agent considers to be appropriate including, without limitation:

- (i) market prices or values for any underlying asset(s) to which the Secured Instruments are linked and other relevant economic variables (such as interest rates and, if applicable, exchange rates) at the relevant time;
- (ii) the remaining term of the Secured Instruments until, in respect of Secured Notes, their scheduled maturity date and final redemption, or, in respect of Secured W&C Instruments, their scheduled exercise and final settlement;
- (iii) internal pricing models; and
- (iv) prices at which other market participants might bid for securities similar to the Secured Instruments.

"Secured Instruments Valuation Agent" means Merrill Lynch International (or any substitute or replacement entity (including any Replacement Secured Instruments Valuation Agent) appointed in respect thereof pursuant to the terms of the Valuation Agency Agreement and/or these Secured Fully Floating Instruments Conditions) and, if applicable, any sub-agent of, or any other entity appointed by the Secured Instruments Valuation Agent.

"Secured Instrument Valuation Date" means, in respect of a Collateral Test Date, the Collateral Business Day immediately preceding such Collateral Test Date, or, if a valuation of the relevant Secured W&C Instrument is not available on such date, the date of the last available valuation of such Secured W&C Instrument.

"Secured Instrument Valuation Time" means, in respect of a Collateral Test Date, the close of trading in the relevant markets on the Secured Instrument Valuation Date for such Collateral Test Date, as determined by the Secured Instruments Valuation Agent, acting in good faith and in a commercially reasonable manner .

"Security Agent" means The Bank of New York Mellon (or any substitute or replacement entity appointed in respect thereof pursuant to the terms of the relevant Security Agency Agreement and/or these Secured Fully Floating Instruments Conditions).

"Security Agency Agreement" means the Security Agency Agreement governed by New York law between the Security Agent, the Secured Instruments Collateral Provider and the Issuer as amended, restated and/or supplemented from time to time.

"Security Agent Amounts" means such amounts as the Security Agent from time to time determines, acting reasonably, that it shall require in order to satisfy any Extraordinary Security Agent Liabilities, having regard to any amounts received pursuant to Clause 2.6(d) (*Exculpatory Provisions*) of the Security Agency Agreement.

"Security Agreement" means, for each Series of Secured Instruments, the Deed of Charge and, where executed in respect of such Series of Secured Instruments, the Korean Law Security Agreement or any other additional security document in respect of such Series of Secured Instruments which creates or purports to create security in favour of the Security Agent on behalf of itself and the other Secured Parties in accordance with the Security Agency Agreement.

"Triparty Account Control Agreement" means the agreement to be entered into between the Collateral Agent, the Secured Instruments Collateral Provider and the Security Agent on each Issue Date specified in the applicable Final Terms for a Series of Secured W&C Instruments, as amended, restated and/or supplemented from time to time.

"Triparty Deed of Charge" means a triparty deed of charge governed by English law between the Secured Instruments Collateral Provider, the Security Agent and the Issuer under which:

- (a) the Secured Instruments Collateral Provider charges by way of first fixed charge its rights and title in the Segregated Collateral Assets in favour of the Security Agent on behalf of itself and the other Secured Parties in accordance with the Security Agency Agreement;
- (b) the Secured Instruments Collateral Provider assigns by way of security its rights, title and interest in the Segregated Collateral Accounts (including, without limitation, any contractual rights, interests or claims relating to such Segregated Collateral Accounts) and the Charged Documents in favour of the Security Agent on behalf of itself and the other Secured Parties in accordance with the Security Agency Agreement; and
- (c) the Issuer irrevocably and unconditionally undertakes to pay the Security Agent as the Secured Party, in its own right and not as agent of any other Secured Parties, sums equal to and in the currency of any amounts payable by the Issuer to any Secured Parties in respect of the Secured Obligations as and when those amounts are due, as set out under the parallel debt provisions in the Triparty Deed of Charge and subject to the proviso therein (the **"Parallel Debt"**).

"Undeliverable Collateral Assets" means Collateral Assets which the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) is unable to deliver in accordance with Secured Fully Floating Instruments Condition 6.8 due to the occurrence of a Physical Delivery of Collateral Assets Disruption Event.

"Valuation Agency Agreement" means the agreement between, *inter alia*, the Secured Instruments Valuation Agent and the Issuer as amended, restated and/or supplemented from time to time.

"Waived Instrument" means all Secured Instruments held by the Issuer or its Affiliates, including but not limited to, in its capacity as market maker (if applicable), and, in respect of each such Secured Instrument, the Issuer or its Affiliates shall be deemed to have waived its rights (a) to receive the proceeds of realisation of the Collateral Assets securing such Series of Secured Instruments (or where "Physical Delivery of Collateral Assets" is specified as applicable in the applicable Final Terms, delivery of the Collateral Assets) following the enforcement of the relevant Security Agreements and Charged Documents and (b) to give an Acceleration Notice on the occurrence of a Secured Instrument Event of Default.

3. General

3.1 Issuer of Secured Instruments

MLBV may issue Secured Notes and Secured W&C Instruments. References herein to "Issuer" shall be to MLBV.

The Secured Instruments will not be guaranteed by any entity. Each reference in the Notes Conditions and the W&C Instruments Conditions to "Guarantor", "MLBV Guarantee", "Guarantee" and "Guarantees" shall be deemed to be deleted in respect of Secured Notes and Secured W&C Instruments.

In relation to certain Series of Secured Instruments, the Issuer will enter into a Triparty Deed of Charge for the purpose of the Parallel Debt only.

3.2 **Security Agent**

In relation to each Series of Secured Instruments, The Bank of New York Mellon shall be appointed as Security Agent and shall undertake the duties of Security Agent in respect of the Secured Instruments as set out below and in the applicable Final Terms, the relevant Security Agreements and in the Security Agency Agreement. Each party to the Security Agency Agreement has irrevocably and unconditionally waived, and each Secured Party is deemed to have irrevocably and unconditionally waived, any and all right to trial by jury in any action, suit or counterclaim arising in connection with the Security Agency Agreement. The expression "Security Agent" shall, in relation to the relevant Secured Instruments, include any substitute or replacement entity appointed as Security Agent in respect thereof pursuant to the terms of the relevant Security Agency Agreement.

In relation to each Series of Secured Instruments, the Security Agent will enter into a Deed of Charge. Under the terms of the relevant Deed of Charge:

- (a) the Secured Instruments Collateral Provider will covenant to the Security Agent for itself, the Holders of the Non-Waived Instruments and the other relevant Secured Parties under the Security Agency Agreement that it will duly and punctually pay or discharge the Issuer's present and future obligations in respect of the Series of Secured W&C Instruments to which the Deed of Charge relates and under the Charged Documents to which the Issuer is a party and the Security Agency Agreement (each the "**Secured Obligations**"), provided that the covenant of the Secured Instruments Collateral Provider to pay the Secured Obligations shall be limited to an amount equal to the proceeds of enforcement of the Collateral Assets; the Secured Instruments Collateral Provider's covenant shall be satisfied only from those proceeds and the Security Agent shall have no remedy against the Secured Instruments Collateral Provider in relation to such covenant other than the enforcement of the security granted by the Security Agreement(s); and
- (b) the Security Agent will hold the rights granted to it under the relevant Deed of Charge for itself, the Holders of the Non-Waived Instruments and the other relevant Secured Parties under the Security Agency Agreement.

In relation to each Series of Secured Instruments issued under these Secured Fully Floating Instrument Conditions in respect of which a Triparty Deed of Charge is executed, the Security Agent will also enter into a Korean Law Security Agreement.

In performing its role under the Programme, the Security Agent does not act as an advisor to or fiduciary or trustee for the Holders of the Secured Instruments or any other party and nothing in any of the documents relating to the Programme shall be interpreted to constitute the Security Agent as a trustee or fiduciary of the Issuer, the Secured Instruments Collateral Provider, the Holders or any other party.

3.3 **Secured Instruments Collateral Provider**

Merrill Lynch International shall undertake the duties of Secured Instruments Collateral Provider in respect of each Series of Secured Instruments as set out in these Secured Fully Floating Instruments Conditions and in the applicable Final Terms and as further provided for in the Secured Instruments Collateral Provider Agreement. The expression "Secured Instruments Collateral Provider" shall, in relation to the relevant Secured Instruments, include any substitute or replacement entity appointed as Secured Instruments Collateral Provider in respect thereof pursuant to the terms of the relevant Secured Instruments Collateral Provider Agreement.

3.4 **Collateral Agent**

The Bank of New York Mellon, London Branch shall undertake the duties of Collateral Agent in respect of each Series of Secured Instruments as set out in the relevant Triparty Account Control Agreement in respect of the relevant Series of Secured Instruments. The expression "Collateral Agent" shall, in relation to the relevant Secured Instruments, include any substitute or replacement entity appointed as Collateral Agent in respect thereof pursuant to the terms of the relevant Triparty Account Control Agreement.

3.5 **Custodian**

The Bank of New York Mellon, London Branch shall undertake the duties of Custodian to the Secured Instruments Collateral Provider in respect of each Series of Secured W&C Instruments under the terms of the Custodian Agreement to the extent to which those terms relate to the Collateral Assets. The Custodian Agreement provides for the establishment of cash accounts and securities accounts in the name of the Secured Instruments Collateral Provider. The Secured Instruments Collateral Provider shall instruct the Custodian to open Segregated Collateral Accounts in respect of each Series of Secured Instruments and the Collateral Accounts shall be operated by the Collateral Agent in accordance with the terms of the relevant Triparty Account Control Agreement. The expression "Custodian" shall include any substitute or replacement entity appointed as Custodian in respect thereof pursuant to the terms of the Custodian Agreement.

3.6 **Secured Instruments Valuation Agent**

Merrill Lynch International shall undertake the duties of Secured Instruments Valuation Agent in respect of the Secured Fully Floating Instruments as set out in these Secured Fully Floating Instruments Conditions and in the applicable Final Terms and as further provided for in the Valuation Agency Agreement. The expression "Secured Floating Instruments Valuation Agent" shall, in relation to the relevant Secured Instruments, include any substitute or replacement entity (including any Replacement Secured Instruments Valuation Agent) appointed as Secured Instruments Valuation Agent in respect thereof pursuant to the terms of the Valuation Agency Agreement.

In making determinations and calculations under these Secured Fully Floating Instruments Conditions, the Secured Instruments Valuation Agent shall act in good faith and in a commercially reasonable manner. In relation to each Series of Secured Instruments, the Secured Instruments Valuation Agent acts solely as an agent of the Issuer, and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders.

3.7 **Termination and Replacement**

Each of the Collateral Transaction Documents contain, or will contain, provisions for the termination of such agreement and, as the case may be, the removal or replacement of the role of the relevant Collateral Arrangement Party appointed thereunder. Any such termination, removal and/or replacement will be effected in accordance with the provisions of such agreements and (other than in respect of the Custodian or the Collateral Agent) these Secured Fully Floating Instruments Conditions and may be effected without the consent of Holders, provided that, in respect of the appointment of a replacement Secured Instruments Valuation Agent in accordance with Secured Fully Floating Instrument Condition 6.10 and the Security Agency Agreement, the Security Agent shall not be required to consider the provisions regarding the appointment of a replacement Secured Instruments Valuation Agent contained in the Valuation Agency Agreement. No such termination or removal shall be effective until a replacement entity has been appointed. The Secured Instruments Valuation Agent shall be required to give notice to Holders of any such termination, removal and/or replacement in accordance with, in respect of Secured Notes, Notes Condition 14 (*Notices*) and, in respect of Secured W&C Instruments, W&C Instruments Condition 12 (*Notices*). Any reference to a Collateral Arrangement Party in these Secured Fully Floating Instruments Conditions shall be deemed to include a reference to any entity appointed as a replacement thereof.

A replacement Collateral Arrangement Party may only be appointed when the following conditions are fulfilled: the replacement Collateral Arrangement Party (other than the replacement Custodian or Collateral Agent): (i) is an institution incorporated and in good standing in the United States of America or one of the States thereof or in a state which is, as at the date of the relevant Collateral Transaction Document, a member state of the European Union or the United Kingdom; (ii) has the requisite resources and legal capacity to perform the duties imposed upon the relevant existing Collateral Arrangement Party under the relevant Collateral Transaction Document and is a recognised provider of the services provided by such Collateral Arrangement Party; (iii) is legally qualified and has the capacity to act as successor to the relevant Collateral Arrangement Party on the terms of the relevant Collateral Transaction Document; and (iv) whose performance of its duties under the relevant Collateral Transaction Document will not cause the Issuer and/or Secured Instruments Collateral Provider to become subject to tax in any jurisdiction where such successor is incorporated, established, doing business, has a permanent establishment or is otherwise considered tax resident.

The Security Agency Agreement contains, or will contain, provisions for the termination of such agreement and the removal or replacement of the Security Agent appointed thereunder. Any such termination, removal and/or replacement will be effected in accordance with the provisions of the Security Agency Agreement and may be effected without the consent of Holders. No such termination or removal shall be effective until a replacement Security Agent has been appointed.

3.8 Notices

Where any provision of these Secured Fully Floating Instruments Conditions requires one party to deliver a notice to another party, such notice may be delivered in any form agreed between the parties thereto, including but not limited to, by post, electronic message, fax, exchange of electronic files, SWIFT messages, messages through the relevant Clearing System or by telephone (provided that any notice given by telephone must, as soon as reasonably practicable, be confirmed in writing between the parties to such telephone conversation and failure to obtain such confirmation shall not invalidate such notice).

4. Security

4.1 Security

The obligations of the Issuer in respect of the Secured Instruments will be secured by a Deed of Charge pursuant to which:

- (a) the Secured Instruments Collateral Provider charges by way of first fixed charge its rights and title in the Segregated Collateral Assets. The security interest granted shall be over all of the Secured Instruments Collateral Provider's rights in and to the Segregated Collateral Assets delivered into and held from time to time in the relevant segregated account(s) established with the Custodian pursuant to and in accordance with the applicable terms of the relevant Triparty Account Control Agreement and the Custodian Agreement for such purpose (each a "**Segregated Collateral Account**"), excluding any interest or distributions paid on such Segregated Collateral Assets to the extent such amounts are not held in the relevant Segregated Collateral Account(s); and
- (b) the Secured Instruments Collateral Provider assigns by way of security its rights, title and interest in the Segregated Collateral Accounts (including, without limitation, any contractual interests or claims relating to such Segregated Collateral Accounts) and the Charged Documents,

in favour of the Security Agent to hold for itself and on behalf of the relevant Holders and the other relevant Secured Parties under the Security Agency Agreement.

With respect to each Series of Secured Instruments for which a Triparty Deed of Charge is executed, the obligations of the Issuer in respect of the Secured Instruments (as owed to the Security Agent under the Parallel Debt provisions) will also be secured by a Korean Law Security Agreement.

Under each Korean Law Security Agreement, the Secured Instruments Collateral Provider will grant a first priority continuing security interest (*Kun Jil Kwon*) in favour of the Security Agent over the Korean Pledged Securities. For the avoidance of doubt, the Secured Instruments Collateral Provider will not grant security over the Korean Securities Account (as distinct from any securities credited to such account) or over any securities in the Korean Securities Account other than the Korean Pledged Securities for any Series of Secured Instruments.

For each Series of Secured Instruments for which a Triparty Deed of Charge has been executed, the Korean Securities which are held in the Korean Securities Account and are registered as pledged in respect of such Series of Secured Instruments (the "**Korean Pledged Securities**") and the Segregated Collateral Assets held in the Segregated Collateral Accounts shall be the "**Collateral Assets**" and such accounts shall be the "**Collateral Accounts**".

For each Series of Secured Instruments for which a Bilateral Deed of Charge has been executed, the Segregated Collateral Accounts shall be the "**Collateral Accounts**".

Following the delivery of a Collateral Enforcement Notice, any interest or distributions paid in respect of the Segregated Collateral Assets will be credited to the relevant Collateral Account and will be subject to the relevant Security Agreement.

4.2 **Collateral Pools**

Each Series of Secured Instruments will be secured by a separate Collateral Pool held in the Collateral Accounts.

4.3 **Initial Collateral Assets**

On the Issue Date of a Series of Secured Instruments, the Secured Instruments Collateral Provider shall deposit Eligible Collateral Assets in the relevant Collateral Account (or, in the case of Eligible Collateral Assets held in the Korean Securities Account, shall give instructions to the Collateral Agent to procure the registration of the pledge in respect of such Eligible Collateral Assets) such that the Collateral Test will be satisfied on the Collateral Test Date falling on such Issue Date.

4.4 **Adjustments to Collateral Assets**

On the Secured Instrument Valuation Date for each Collateral Test Date, the Secured Instruments Valuation Agent will determine the Required Collateral Value and will send a Collateral Test Notice to the Collateral Agent prior to 4.30 p.m. London time on such Collateral Test Date, or such other time as may be agreed between the Secured Instruments Collateral Provider and the Collateral Agent from time to time. On the Secured Instrument Valuation Date for each Collateral Test Date, the Secured Instruments Valuation Agent will notify the relevant Instrument Agent, with a copy to the Security Agent, of the aggregate principal amount or number, as applicable, of outstanding Non-Waived Instruments as of such date.

On each Collateral Test Date, the Collateral Agent will calculate the Collateral Value and verify that the Collateral Test is satisfied. When determining whether the Collateral Test is satisfied on a Collateral Test Date:

- (a) the Collateral Pool on the Collateral Test Date shall be included for such determination;
- (b) Eligible Collateral Assets for which instructions for the transfer to the relevant Segregated Collateral Accounts have been provided on or before such Collateral Test Date will be included for such determination to the extent such Eligible Collateral Assets have not been transferred and are not part of the Collateral Pool on the Collateral Test Date; and
- (c) Collateral Assets for which instructions for the removal from the relevant Collateral Accounts have been provided (or, in the case of Korean Pledged Securities, instructions for the removal of the pledge from the register in respect of such Korean Pledged Securities) on or before such Collateral Test Date will be excluded for the purposes of such determination if such Collateral Assets have not been transferred out of the relevant Collateral Accounts and/or released from the relevant pledge (as the case may be) on such Collateral Test Date.

Where the Secured Instruments Collateral Provider has provided the Collateral Agent with an instruction regarding the transfer and/or registration of the relevant pledge in respect of Eligible Collateral Assets and such instruction is not carried out within one Collateral Business Day of the Collateral Agent's receipt of such instruction, the Collateral Agent will notify the Secured Instruments Collateral Provider that such instruction is yet to be carried out in which case the Secured Instruments Collateral Provider may elect to transfer Additional Eligible Collateral into the Segregated Collateral Accounts on or prior to the third Collateral Business Day to meet the Collateral Test.

In determining whether the Collateral Test is satisfied, the Collateral Agent will verify that the relevant Collateral Assets comply with the eligibility criteria specified in the collateral schedule of the relevant Triparty Account Control Agreement. The Secured Instruments Collateral Provider shall be solely responsible for ensuring that the Eligibility Criteria specified in the applicable Final Terms is substantively identical to the eligibility criteria specified in the collateral schedule of the Triparty Account Control Agreement and the Collateral Agent shall not be liable to the Holders or any party for any discrepancy therein.

If, on the relevant Collateral Test Date, the Collateral Agent determines that the Collateral Test is not satisfied, the Collateral Agent will promptly send the Secured Instruments Collateral Provider a Collateral Agent Notice. On the date such Collateral Agent Notice is given, the Secured Instruments Collateral Provider will instruct the Collateral Agent to transfer sufficient additional Eligible Collateral

Assets into the relevant Collateral Account (or, in the case of Eligible Collateral Assets held in the Korean Securities Account, to instruct the Collateral Agent to register the pledge in respect of such Eligible Collateral Assets) to satisfy the Collateral Test.

The Secured Instruments Collateral Provider shall ensure that instructions are provided to the Collateral Agent so as to ensure that sufficient Eligible Collateral Assets are Delivered into the relevant Collateral Account (or, in the case of Eligible Collateral Assets held in the Korean Securities Account, the pledge is registered in respect of such Eligible Collateral Assets) on or before each Collateral Test Date to satisfy the Collateral Test in respect of such Collateral Test Date for the relevant Series of Secured Instruments.

For the avoidance of doubt, in relation to Korean Pledged Securities and for the purposes of the Security Agreements and the Triparty Account Control Agreement, "transfers" of the relevant Collateral Assets to the Collateral Accounts may be given effect when held through accounts maintained with certain Clearing Systems as an earmarking of such Collateral Assets as pledged or as a transfer to an account maintained for or on behalf of the Security Agent and such Korean Securities shall be deemed, for the purposes of such agreements, to have been credited to the Collateral Account(s) accordingly.

4.5 **Substitution or withdrawal of Collateral Assets**

The Secured Instruments Collateral Provider may, subject to the terms of the relevant Triparty Account Control Agreement, withdraw and/or replace Collateral Assets from the relevant Collateral Accounts (or, in the case of Korean Pledged Securities, release the pledge in respect of such Korean Pledged Securities) provided that following such adjustment the Collateral Test continues to be satisfied. The Secured Instruments Collateral Provider will send or procure the sending of a notice to the Collateral Agent specifying the adjustments to be made to the Collateral Pool (including *inter alia* the type and quantity of any Eligible Collateral Assets to be deposited/registered and/or Collateral Assets to be removed/released).

4.6 **Delegation to Secured Instruments Collateral Provider**

The Issuer has, pursuant to the terms of the Secured Instruments Collateral Provider Agreement, delegated to the Secured Instruments Collateral Provider the role of managing each Collateral Pool to comply with the requirements of these Secured Fully Floating Instruments Conditions (including, but not limited to, compliance with Secured Fully Floating Instruments Conditions 4.3, 4.4 and 4.5).

4.7 **Required Collateral Default**

Following the occurrence of a Required Collateral Default, the Collateral Agent shall send a Required Collateral Default Notice to the Secured Instruments Collateral Provider and the Security Agent, specifying that a Required Collateral Default has occurred. The Secured Instruments Collateral Provider shall notify the Issuer of the Required Collateral Default Notice. The Security Agent shall as soon as reasonably practicable after receiving a Required Collateral Default Notice give notice to the relevant Instrument Agent and the relevant Instrument Agent will as soon as reasonably practicable give notice in accordance with, in respect of Secured Notes, Notes Condition 14 (*Notices*) and, in respect of Secured W&C Instruments, W&C Instruments Condition 12 (*Notices*) to all relevant Holders of the receipt of a Required Collateral Default Notice.

4.8 **Secured Instrument Event of Default**

4.8.1 The occurrence of one or more of the following events shall constitute a "**Secured Instrument Event of Default**" with respect to any Series of Secured Instruments:

- (a) in respect of Secured Notes:
 - (i) default shall be made in the payment of any amount of interest due in respect of any such Notes and the default continues for a period of 30 calendar days after the due date; or
 - (ii) default shall be made in the payment of any principal of any such Notes or in the delivery when due of the Entitlement in respect of any such Notes (in each case whether at maturity or upon redemption or otherwise), and such default continues for a period of 30 calendar days after the due date;

- (b) in respect of Secured W&C Instruments:
 - (i) default shall be made in the payment of any Additional Amount due in respect of any such Non-Waived Instruments and the default continues for a period of 30 calendar days after the due date; or
 - (ii) default shall be made in the payment of any Cash Settlement Amount or other termination amount of any such Non-Waived Instruments or in the delivery when due of the Entitlement in respect of any such Non-Waived Instruments (in each case whether at settlement or upon redemption or otherwise), and such default continues for a period of 30 calendar days after the due date; or
- (c) the Issuer shall fail to perform or observe any other term, covenant or agreement contained in the Terms and Conditions applicable to any of such Secured Instruments or in the Agency Agreement for the period of 90 calendar days after the date on which written notice of such failure, requiring the Issuer, as the case may be, to remedy the same, first shall have been given to the relevant Instrument Agent (which will give notice to the Security Agent) and the Issuer by Holders of at least 33 per cent. of (A) in respect of Secured Instruments that are Secured Notes, the aggregate principal amount of any such Non-Waived Instruments outstanding or (B) in respect of Secured Instruments that are Secured W&C Instruments, the aggregate Notional Amount or by number (as applicable) of any such Non-Waived Instruments outstanding; or
- (d) a court having jurisdiction in the premises shall have entered a decree or order granting relief with respect to the Issuer in an involuntary proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, trustee, assignee, custodian or sequestrator (or similar official) of the Issuer or of all or substantially all of its property or for the winding up or liquidation of its affairs, and such decree or order shall have remained in force and unstayed for a period of 60 consecutive calendar days; or
- (e) the Issuer shall institute proceedings for relief under any applicable bankruptcy, insolvency or any other similar law now or hereafter in effect, or shall consent to the institution of any such proceedings against it, or shall consent to the appointment of a receiver, liquidator, trustee, assignee, custodian or sequestrator (or similar official) of it or of all or substantially all of its property, or shall make an assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action in furtherance of any of the foregoing; or
- (f) a Required Collateral Default has occurred; or
- (g) any of (i) a failure by the Issuer and/or Secured Instruments Collateral Provider to comply with or perform any undertaking or obligation to be complied with or performed by it in accordance with the Security Agency Agreement or the relevant Security Agreements if such failure is continuing after any applicable grace period has elapsed, the expiration or termination of such Security Agency Agreement or Security Agreement, or (ii) the failing or cessation of such Security Agency Agreement or any relevant Security Agreement, or any security granted by the Issuer and/or Secured Instruments Collateral Provider, to be in full force and effect prior to the satisfaction of all the obligations of such party under these Secured Instruments Conditions or (iii) the Issuer and/or Secured Instruments Collateral Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Security Agency Agreement or any relevant Security Agreement (or such action is taken by any person or entity appointed or empowered to act on the Issuer's and/or Secured Instruments Collateral Provider's behalf).

If a Secured Instrument Event of Default shall occur and be continuing with respect to any Series of Secured Instruments, then any Holder may, at its option, send an Acceleration Notice (1) in the case of Secured Instruments held through Euroclear and/or Clearstream, Luxembourg, through the relevant Clearing System to the relevant Instrument Agent and (ii) in the case of Secured Instruments held through The Depository Trust Corporation, directly to the relevant Instrument Agent. If the Holder(s) of at least 33 per cent. (in respect of Secured Instruments that are Secured Notes) in aggregate principal amount or (in respect of Secured Instruments that are Secured W&C Instruments) in aggregate Notional Amount or by number (as applicable) of such Non-Waived Instruments outstanding send Acceleration Notice(s) through the relevant Clearing System to the relevant Instrument Agent, and if any such default is not

waived in accordance with Secured Fully Floating Instruments Condition 4.8.4 below or cured by the Issuer prior to receipt by the relevant Instrument Agent of the latest of such Acceleration Notice(s) required to exceed the 33 per cent. threshold specified above, an "**Acceleration Event**" shall occur in respect of such Series of Secured Instruments.

4.8.2 The relevant Instrument Agent will as soon as reasonably practicable after the occurrence of an Acceleration Event send a notice (in or substantially in the form set out at Schedule 22 of the Agency Agreement) (an "**Acceleration Instruction**") to the Security Agent confirming that the Holder(s) of at least 33 per cent. (in respect of Secured Instruments that are Secured Notes) in aggregate principal amount or (in respect of Secured Instruments that are Secured W&C Instruments) in aggregate Notional Amount or by number (as applicable) of the Non-Waived Instruments outstanding have delivered Acceleration Notices thereby instructing the Security Agent to:

- (a) deliver the notices specified in Secured Fully Floating Instruments Condition 6.1;
- (b) enforce the security constituted by the relevant Security Agreements and distribute the proceeds (and, if applicable, physically settle the Entitlement), in each case, in accordance with its terms and the provisions of these Secured Fully Floating Instruments Conditions and the Security Agency Agreement;
- (c) appoint a Disposal Agent, if a Disposal Agent has not already been appointed, and provide instructions to the Disposal Agent in accordance with these Secured Fully Floating Instruments Conditions; and
- (d) perform any further actions of the Security Agent specified in these Secured Fully Floating Instruments Conditions, the relevant Security Agreements and the Security Agency Agreement or any reasonable incidental actions,

provided that if, at any time before the Security Agent has taken any steps to enforce the security constituted by the related Security Agency Agreement and/or Security Agreements or a judgment or decree for payment of the money due with respect to such Secured Instruments has been obtained by any Holder, the Security Agent is notified in writing by the relevant Instrument Agent that the occurrence of an Acceleration Event and its consequences have been rescinded and annulled in accordance with Secured Fully Floating Instruments Condition 4.8.3 below, then such Acceleration Instruction shall be deemed not to have been given and the Security Agent shall be entitled to rely on any such notification from the relevant Instrument Agent without further enquiry and shall incur no liability to the Holders or any other party for any action taken or not taken prior to or as a result of such notification.

4.8.3 At any time following the occurrence of an Acceleration Event and (i) before the Security Agent has taken any steps to enforce the security constituted by the related Security Agency Agreement and/or Security Agreements or (ii) a judgment or decree for payment of the money due with respect to such Secured Instruments has been obtained by any Holder, the occurrence of an Acceleration Event and its consequences may be rescinded and annulled upon the written consent of Holders of a majority (in respect of Secured Instruments that are Secured Notes) in aggregate principal amount or (in respect of Secured Instruments that are Secured W&C Instruments) in aggregate Notional Amount or by number (as applicable) of such Non-Waived Instruments then outstanding, or by resolution adopted by a majority (in respect of Secured Instruments that are Secured Notes) in aggregate principal amount or (in respect of Secured Instruments that are Secured W&C Instruments) in aggregate Notional Amount or by number (as applicable) of such Non-Waived Instruments outstanding present or represented at a meeting of Holders at which a quorum is present, as provided in the Agency Agreement, if:

- (a) (i) the Issuer has paid, or has deposited with the relevant Clearing System, a sum sufficient to pay:
 - (A) in respect of Secured Notes:
 - (1) all overdue amounts of interest on such Secured Notes;
 - (2) the principal of such Secured Notes which has become due otherwise by such declaration of acceleration; or
 - (B) in respect of Secured W&C Instruments:

- (1) all overdue Additional Amounts on such Secured W&C Instruments;
 - (2) the Cash Settlement Amount or other termination amount of such Secured W&C Instruments which has become due otherwise than by such declaration of acceleration; or
- (ii) in the case of Secured Instruments to be settled by physical delivery, the Issuer has delivered the relevant assets to any agent appointed by the Issuer to deliver such assets to the Holders of the Non-Waived Instruments; and
- (b) all Secured Instrument Events of Default with respect to such Secured Instruments, other than the non-payment of any applicable principal amount, Cash Settlement Amount or other termination amount of such Secured Instruments which has become due solely by such declaration of acceleration, have been cured or waived as provided in Secured Fully Floating Instruments Condition 4.8.4 below.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

- 4.8.4 Any default by the Issuer and/or Secured Instruments Collateral Provider, other than the events described in Secured Fully Floating Instruments Condition 4.8.1(a) or Secured Fully Floating Instruments Condition 4.8.1(b), and other than an event described in Secured Fully Floating Instruments Condition 4.8.1(c) in respect of a covenant or provision of the Terms and Conditions which cannot be amended or modified without the passing of an Extraordinary Resolution of Holders, may be waived by the written consent of Holders of a majority (in respect of Secured Instruments that are Secured Notes) in aggregate principal amount or (in respect of Secured Instruments that are Secured W&C Instruments) in aggregate Notional Amount or by number (as applicable) of such Non-Waived Instruments then outstanding affected thereby, or by resolution adopted by a majority (in respect of Secured Instruments that are Secured Notes) in aggregate principal amount or (in respect of Secured Instruments that are Secured W&C Instruments) in aggregate Notional Amount or by number (as applicable) of such Non-Waived Instruments then outstanding present or represented at a meeting of Holders affected thereby at which a quorum is present, as provided in the Agency Agreement. Upon any such waiver, such default shall cease to exist, and any Secured Instrument Event of Default arising therefrom shall be deemed to have been cured, for every purpose of the Agency Agreement, but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.
- 4.8.5 Notes Condition 11 (*Events of Default and Rights of Acceleration*) shall not apply in respect of Secured Notes;
- 4.8.6 Notwithstanding anything to the contrary in the Secured Instruments Conditions or any other agreement, a holder shall not be permitted to exercise any default right with respect to any Secured Instrument or the Collateral Transaction Documents that is related, directly or indirectly, to an affiliate (as such term is defined in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k)) of the Issuer becoming subject to a receivership, insolvency, resolution or similar proceeding (an "**Insolvency Proceeding**"). However, nothing in this paragraph shall restrict the exercise by a holder of any default right against the Issuer with respect to the Secured Instrument that arises as a result of (i) the Issuer becoming subject to an Insolvency Proceeding, (ii) the Issuer not satisfying a payment or delivery obligation pursuant to such Secured Instrument, or (iii) the failure of the Secured Instruments Collateral Provider, or any transferee thereof, to satisfy a payment or delivery obligation pursuant to the Collateral Transaction Documents or any other credit enhancement that supports the Secured Instrument. After an affiliate of the Issuer becomes subject to an Insolvency Proceeding, a Holder seeking to exercise a default right against the Issuer with respect to the Secured Instrument or the Collateral Transaction Documents shall have the burden of proof, by clear and convincing evidence, that the exercise of such default right is permitted thereunder. For purposes of this paragraph, "**default right**" has the meaning assigned to that term in, and shall be interpreted in accordance with 12 C.F.R. § 252.81, 12 C.F.R. § 382.1 and 12 C.F.R. § 47.1, as applicable.
- 4.8.7 Nothing in the Secured Instruments Conditions or the Collateral Transaction Documents shall prohibit the transfer of the Collateral Transaction Documents, any interest or obligation in or under such Collateral Transaction Documents, or any property securing such Collateral Transaction Documents to a transferee upon or following an affiliate (as such term is defined in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k)) of the Issuer becoming subject to an Insolvency Proceeding.

4.9 **Status**

4.9.1 **Secured Notes**

Notes Condition 3 (*Status of the Notes and the Guarantees*) shall not apply to the Secured Notes. The Secured Notes constitute direct, limited recourse, unsubordinated and secured obligations of the Issuer and rank equally among themselves.

Notwithstanding Notes Condition 3 (*Status of the Notes and the Guarantees*), the obligations of the Guarantor under the Guarantees shall not apply to Secured Notes. **The Secured Notes are not guaranteed by the Guarantor or any other entity.**

4.9.2 **Secured W&C Instruments**

W&C Instruments Condition 2 (*Status of the W&C Instruments and MLBV Guarantee*) shall not apply to the Secured W&C Instruments. The Secured W&C Instruments constitute direct, limited recourse, unsubordinated and secured obligations of the Issuer and rank equally among themselves.

Notwithstanding W&C Instruments Condition 2 (*Status of the W&C Instruments and MLBV Guarantee*), the obligations of the Guarantor under the MLBV Guarantee shall not apply to Secured W&C Instruments. **The Secured W&C Instruments are not guaranteed by the Guarantor or any other entity.**

5. **Secured Instruments Collateral Provider, Collateral Agent, Custodian, Security Agent, Secured Instruments Valuation Agent and relevant Instrument Agent**

In relation to each Series of Secured Instruments, the Secured Instruments Valuation Agent acts solely as an agent of the Issuer, and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders. In relation to each issue of Secured Instruments, the Collateral Agent acts solely as an agent of the Secured Instruments Collateral Provider, and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders or the Issuer.

The Secured Instruments Collateral Provider acts as an arms-length third party and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders. For the avoidance of doubt, the Custodian does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders, the Issuer or the Security Agent.

In acting in connection with any Series of Secured Instruments, the Security Agent does not act as an advisor to or fiduciary or trustee for the Holders or any other party and nothing in any of the documents relating to the Programme shall be interpreted to constitute the Security Agent as a trustee or fiduciary of the Issuer, the Secured Instruments Collateral Provider, the Holders or any other party and will not assume any obligation or duty to, or any relationship of agency or trust for or with, any of the Holders of such Secured Instruments.

All calculations and determinations made in respect of the Secured Instruments by the Secured Instruments Collateral Provider, Collateral Agent and Secured Instruments Valuation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer, the Holders and the Security Agent (as applicable).

Each of the Secured Instruments Collateral Provider and Secured Instruments Valuation Agent may, with the consent of the Issuer, delegate any of their obligations and functions to a third party as provided for in the Secured Instruments Collateral Provider Agreement, Valuation Agency Agreement and the relevant Triparty Account Control Agreement, as applicable. The Collateral Agent may delegate any of its obligations and functions to a third party as provided for in the relevant Triparty Account Control Agreement.

In acting in connection with any Series of Secured Instruments, the relevant Instrument Agent shall act solely as an agent of the Issuer and will not assume any obligations towards or relationship of agency or trust for or with any of the Holders of such Secured Instruments.

6. **Default, Enforcement and Realisation**

6.1 Acceleration and Enforcement of Collateral

If the Security Agent receives an Acceleration Instruction, the Security Agent shall (acting in accordance with such Acceleration Instruction), as soon as reasonably practicable:

- (i) deliver a Collateral Enforcement Notice in respect of such Series of Secured Instruments to each of the Issuer, the Secured Instruments Collateral Provider and the relevant Instrument Agent;
- (ii) deliver a Notice of Exclusive Control in respect of the Collateral Accounts of such Series of Secured Instruments to the Collateral Agent;
- (iii) deliver a Notice of Intended Enforcement in respect of the Korean Securities Account to the Collateral Agent and the Collateral Agent will give notice of the same to the Korean sub-custodian;
- (iv) give notice to the relevant Instrument Agent of the occurrence of an Acceleration Event and the delivery of such Collateral Enforcement Notice and Notice of Exclusive Control and the relevant Instrument Agent will give notice of the same in accordance with, in respect of Secured Notes, Notes Condition 14 (*Notices*) and, in respect of Secured W&C Instruments, W&C Instruments Condition 12 (*Notices*) to all relevant Holders; and
- (v) appoint a Disposal Agent, if a Disposal Agent has not already been appointed, and provide instructions to the Disposal Agent in accordance with the Secured Fully Floating Instruments Conditions.

Upon delivery of the Collateral Enforcement Notice, all Secured Instruments in respect of which the Collateral Enforcement Notice is served will become immediately due and repayable at their Early Redemption/Settlement Amount and, where "Physical Delivery of Collateral Assets" is specified to be applicable in the applicable Final Terms, such Secured Instruments will also be subject to settlement in accordance with Secured Fully Floating Instruments Condition 6.8.

As soon as reasonably practicable following the delivery of a Collateral Enforcement Notice, the Issuer shall, and shall procure that its Affiliates that hold Waived Instruments, of the Series of Secured Instruments in respect of which the Collateral Enforcement Notice is served, submit such Waived Instruments for cancellation free of payment and, following such cancellation, the Secured Instruments Valuation Agent shall notify the Security Agent of the principal amount or number, as applicable, of outstanding Non-Waived Instruments of such Series.

6.2 Enforcement and Realisation

Following delivery of a Collateral Enforcement Notice in respect of the relevant Series of Secured Instruments, the Security Agent (acting in accordance with an Acceleration Instruction) shall enforce the security constituted by the relevant Security Agreements relating to the relevant Collateral Pool in accordance with the terms thereof, these Secured Fully Floating Instruments Conditions (as completed by the applicable Final Terms) and the terms of the Security Agency Agreement and will give instructions to the Disposal Agent to:

- (a) where "Physical Delivery of Collateral Assets" is specified not to apply in the applicable Final Terms, effect a liquidation and realisation in accordance with Secured Fully Floating Instruments Condition 6.6 of all the Collateral Assets in the Collateral Pool which secures such Series of Secured Instruments and subsequently distribute the relevant Collateral Enforcement Proceeds Share to the relevant Holders in accordance with Secured Fully Floating Instruments Condition 6.5; or
- (b) where "Physical Delivery of Collateral Assets" is specified to be applicable in the applicable Final Terms, arrange for delivery of the relevant Entitlement to the relevant Holders in accordance with Secured Fully Floating Instruments Condition 6.8.

6.3 Liability of the Security Agent

The Security Agency Agreement contains provisions setting out the standards of liability of the Security Agent including providing that:

- (a) in the event that any Secured Party directs the Security Agent to effect the liquidation and realisation of the Collateral Assets in the Collateral Pool which secures the relevant Series of Secured Instruments in a manner that is in accordance with the exact provisions of the Acceleration Instruction, the Security Agent shall not be under any obligation to take any further action (without prejudice to its ability to instruct the Disposal Agent to liquidate and realise the Collateral Assets for the purpose of funding the Security Agent Amounts) if it reasonably believes that (i) it would not be able to recover the Security Agent Amounts that would be incurred in connection with such action from the relevant Collateral Assets or otherwise and/or (ii) it would experience an unreasonable delay in doing so; and
- (b) in the event that any Secured Party directs the Security Agent to effect the liquidation and realisation of the Collateral Assets in the Collateral Pool which secures the relevant Series of Secured Instruments in a manner other than in accordance with the exact provisions of the Acceleration Instruction, the Security Agent shall not be under any obligation to take any action unless it has first been indemnified and/or secured and/or pre-funded to its satisfaction,

and in, each case, the Security Agent shall have no liability for any such failure to act.

The Security Agent will not, in the absence of its own gross negligence, fraud or wilful misconduct, have any liability in connection with its role under or for the purposes of these Secured Fully Floating Instruments Conditions and it will have no regard to the effect of such action on individual Holders. In no event shall the Security Agent be liable for any special, indirect or consequential loss or any punitive damages including (without limitation) any lost profits.

For the avoidance of doubt, the Security Agent shall be entitled to rely without enquiry on an Acceleration Instruction delivered by the Instrument Agent and on any notice of revocation of such Acceleration Instruction pursuant to Condition 4.8.2 and shall have no obligation to monitor or verify whether the relevant threshold has been met or to monitor or verify whether any Holder that has delivered an Acceleration Notice holds Waived Instruments or Non-Waived Instruments.

6.4 **Enforcement and realisation by Holders**

No Holder shall be entitled to enforce any Security Agreement or to proceed directly against the Secured Instruments Collateral Provider to enforce the other provisions of a Charged Document unless the Security Agent, having become bound to so enforce or proceed, fails so to do within a reasonable time and such failure is continuing or the Security Agent is prevented from enforcing a Security Agreement by any court order. If a Holder becomes so entitled, then such Holder shall not be entitled to enforce the relevant Security Agreement or Charged Document in the United Kingdom.

If the Security Agent becomes bound to enforce a Security Agreement or a Charged Document and fails to do so within a reasonable time and such failure is continuing or the Security Agent is prevented from enforcing a Security Agreement by any court order, then, without prejudice to the paragraph above, Holder(s) of at least 33 per cent. (in respect of Secured Instruments that are Secured Notes) in aggregate principal amount or (in respect of Secured Instruments that are Secured W&C Instruments) in aggregate Notional Amount or by number (as applicable) of such Non-Waived Instruments outstanding may remove the Security Agent and appoint a replacement Security Agent in accordance with Secured Fully Floating Instruments Condition 3.7 and the terms of the Security Agency Agreement.

Neither the Issuer nor any Holder shall be entitled to enforce a Triparty Account Control Agreement or the Custodian Agreement or to proceed directly against the Collateral Agent or the Custodian to enforce the terms of the relevant Triparty Account Control Agreement or the Custodian Agreement (as applicable). Neither the Collateral Agent nor the Custodian shall have any liability to the Issuer or any Holder as to the consequence of any actions taken by the Collateral Agent or Custodian (as applicable).

6.5 **Application and distribution of proceeds of enforcement**

- 6.5.1 In connection with the enforcement of the security constituted by the relevant Security Agreements, after the realisation and liquidation of the relevant Collateral Assets in accordance with Secured Fully Floating Instruments Condition 6.6, the Security Agent (acting in accordance with an Acceleration Instruction) shall instruct the Disposal Agent to use the proceeds of such realisation and liquidation of the Collateral Assets to make payment of any amounts payable to the Secured Parties ranking prior to the Holders of

Non-Waived Instruments in accordance with the Order of Priority specified in the applicable Final Terms and to notify the Secured Instruments Valuation Agent of the Collateral Enforcement Proceeds. Following such payment the Secured Instruments Valuation Agent shall determine the Collateral Enforcement Proceeds Share (if any) in respect of each Non-Waived Instrument and shall notify such amount to the Security Agent, the Disposal Agent and to the Holders in accordance with, in respect of Secured Notes, Notes Condition 14 (*Notices*) and, in respect of Secured W&C Instruments, W&C Instruments Condition 12 (*Notices*).

- 6.5.2 Subject as provided below, the Security Agent (acting in accordance with an Acceleration Instruction) or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) shall apply the remaining proceeds from the realisation of the relevant Collateral Assets in a Collateral Pool in meeting the claims of Holders in respect of the Early Redemption/Settlement Amount payable under each Non-Waived Instrument which is secured by the relevant Collateral Pool *pro rata* to the Collateral Enforcement Proceeds Share of each such Non-Waived Instrument.
- 6.5.3 If the Collateral Enforcement Proceeds Share for a particular Non-Waived Instrument is greater than the Early Redemption/Settlement Amount of such Non-Waived Instrument, then:
- (a) where "NV Collateralisation" or "Max (NV, MV) Collateralisation" is specified to be applicable in the applicable Final Terms, such Holder shall be entitled to receive from the Collateral Enforcement Proceeds Share up to the greater of:
- (i) the product of (A) the Collateralisation Percentage, multiplied by (B) (I) in respect of Secured Instruments that are Secured Notes, the principal amount of such Non-Waived Instrument or (II) in respect of Secured Instruments that are Secured W&C Instruments, the Notional Amount of such Non-Waived Instrument; and
- (ii) the Early Redemption/Settlement Amount,
- (the greater of the amounts in sub-paragraphs (i) and (ii) shall be the "**NV Collateralisation Enforcement Proceeds Cap**"). Any excess amount of the Collateral Enforcement Proceeds Share over the NV Collateralisation Enforcement Proceeds Cap will be distributed to the Secured Parties ranking after the Holders of Non-Waived Secured Instruments in accordance with the Order of Priority specified in the applicable Final Terms; or
- (b) where "MV Collateralisation" or "Min (NV, MV) Collateralisation" is specified to be applicable in the applicable Final Terms, the Holder is only entitled to receive from the Collateral Enforcement Proceeds Share an amount equal to the Early Redemption/Settlement Amount. Any excess amount of the Collateral Enforcement Proceeds Share over the Early Redemption/Settlement Amount will not be distributed to such Holder but will be distributed to the Secured Parties ranking after the Holders of Non-Waived Instruments in accordance with the Order of Priority specified in the applicable Final Terms.
- 6.5.4 Where the Collateral Enforcement Proceeds Share for a particular Secured Instrument is less than the Early Redemption/Settlement Amount (such amount being a "Collateral Enforcement Loss Amount"), such Holder will not be entitled to any further recourse against the Issuer or the Secured Instruments Collateral Provider for such Collateral Enforcement Loss Amount.
- 6.5.5 The Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) shall determine the date for distribution of the remaining proceeds to Holders in accordance with Secured Fully Floating Instruments Condition 6.5.2 and shall notify such date to the relevant Instrument Agent and the relevant Instrument Agent shall notify Holders in accordance with, in respect of Secured Notes, Notes Condition 14 (*Notices*) and, in respect of Secured W&C Instruments, W&C Instruments Condition 12 (*Notices*).
- 6.5.6 Moneys held by the Security Agent shall be deposited in its name in an account at such bank or other financial institution as the Security Agent may, acting in good faith and in a commercially reasonable manner, think fit. Any interest paid by such bank or financial institution on such moneys shall be deemed to be Collateral Assets.
- 6.5.7 To the extent that any proceeds from the liquidation or realisation of the relevant Collateral Assets in a Collateral Pool are not in the Specified Currency (in respect of Secured Notes) or Settlement Currency

(in respect of Secured W&C Instruments), then such proceeds shall be converted at such rate or rates, in accordance with such method and as at such date as may reasonably be specified by the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent), having regard to then-current rates of exchange. Any rate, method and date so specified shall be binding on the Issuer, the Secured Instruments Collateral Provider and the Holders.

6.6 Method of realisation of Collateral Assets

Subject as may otherwise be provided for in these Secured Fully Floating Instruments Conditions, in effecting the sales, the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) may sell the relevant Collateral Assets in one single tranche or in smaller tranches as it considers appropriate in order to attempt reasonably to maximise the proceeds from such sale. The Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) may effect sales of the Collateral Assets (a) on any securities exchange or quotation service on which the Collateral Assets may be listed or quoted, (b) in the over-the-counter market or (c) in transactions otherwise than on such exchanges or in the over-the counter market.

Where the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) disposes of any Collateral Assets other than on any securities exchange or quotation service on which the Collateral Assets may be listed or quoted then:

- (a) the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) shall seek firm bid quotations from at least three independent dealers in assets similar in nature to the relevant Collateral Assets (and, for such purpose, it may seek quotations in respect of such Collateral Assets in their entirety or in respect of a designated part or proportion thereof, as it considers appropriate in order to maximise the proceeds of the sale of such Collateral Assets);
- (b) for the purposes of obtaining the quotations referred to in (a) above, the Security Agent or the Disposal Agent may itself provide a bid in respect of the relevant Collateral Assets or any part or proportion thereof; and
- (c) the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) shall be authorised to accept without liability to any party in respect of each relevant part or proportion of the Collateral Assets or, as applicable, the entirety of the relevant Collateral Assets the highest quotation so obtained (which may be a quotation from the Security Agent or the Disposal Agent (when providing such quotations itself, the Security Agent or the Disposal Agent shall act in a commercially reasonable manner)).

Notwithstanding any other provision of these Secured Fully Floating Instruments Conditions, following receipt by the Security Agent of notice of an Acceleration Event, the Security Agent shall be entitled in its sole discretion, to instruct the Disposal Agent to liquidate, dispose or realise any of the Collateral Assets at any time and without regard to any of the provisions of the Secured Fully Floating Instruments Conditions with respect to method, price or time of such realisation, in order to satisfy any Security Agent Amounts, and without liability to any party for any such action.

6.7 Inability to realise Collateral Assets

If the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) is unable to sell the relevant Collateral Assets on any securities exchange or quotation service on which the Collateral Assets may be listed or quoted or obtain the three quotations required for the sale of one or more Collateral Assets, in each case pursuant to Secured Fully Floating Instruments Condition 6.6, for a period of one year from the date of the relevant Acceleration Instruction (such Collateral Assets being "**Non-Realised Collateral Assets**"), then notwithstanding any other provision hereof, the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) shall be entitled without liability to any party to sell such Non-Realised Collateral Assets by accepting the first available price for such Non-Realised Collateral Assets.

6.8 Physical Delivery of Collateral Assets

- 6.8.1 Where "Physical Delivery of Collateral Assets" is specified to be applicable in the applicable Final Terms, following enforcement of the relevant Security Agreements, the Security Agent (acting in

accordance with an Acceleration Instruction) or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) shall:

- (a) firstly, apply any Cash held in the Collateral Account in payment of any amounts payable to the Secured Parties ranking prior to the Holders of Non-Waived Instruments in accordance with the Order of Priority specified in the applicable Final Terms; and
- (b) secondly, to the extent that any Cash held in the Collateral Account is insufficient to make payment of any amounts payable to the Secured Parties ranking prior to the Holders of Non-Waived Instruments in accordance with the Order of Priority specified in the applicable Final Terms, liquidate or realise in accordance with Secured Fully Floating Instruments Condition 6.6 an amount of Collateral Assets sufficient to make the payment of the remainder of such amounts in accordance with the Order of Priority specified in the applicable Final Terms,

the aggregate amount of Collateral Assets remaining in the relevant Collateral Account following such distribution of Cash and liquidation or realisation in accordance with this Secured Fully Floating Instruments Condition 6.8.1, the "Remaining Collateral Assets". The Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) shall notify the Secured Instruments Valuation Agent of the Collateral Assets comprising the Remaining Collateral Assets.

6.8.2 The Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) will notify the relevant Instrument Agent and the relevant Instrument Agent will notify Holders of the relevant Collateral Delivery Date in accordance with, in respect of Secured Notes, Notes Condition 14 (*Notices*) and, in respect of Secured W&C Instruments, W&C Instruments Conditions 12 (*Notices*) and:

- (a) the Secured Instruments Valuation Agent shall aggregate the Unrounded Collateral Assets Entitlement (excluding any Cash) in respect of all Non-Waived Instruments of such Series held by each such Holder and will round down such aggregated Unrounded Collateral Assets Entitlement to the nearest tradable unit of each type of Collateral Asset (the "**Entitlement**" in respect of such Holder);
- (b) the Secured Instruments Valuation Agent shall notify the Entitlement in respect of each Holder to the Security Agent and the Disposal Agent and to the Holders in accordance with, in respect of Secured Notes, Notes Condition 14 (*Notices*) and, in respect of Secured W&C Instruments, W&C Instruments Condition 12 (*Notices*);
- (c) the Security Agent (acting in accordance with an Acceleration Instruction) or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) shall deliver the relevant Entitlement to the Holders of the Non-Waived Instruments secured by the relevant Collateral Pool in accordance with the method of transfer of Collateral Assets specified in, with respect to Secured Notes, Physical Delivery Notes Condition 2 (*Delivery of Entitlement and Asset Transfer Notices*) or, with respect to Secured W&C Instruments, W&C Instruments Condition 25(C)(b) or 32(C)(b) (provided that no Expenses shall be payable), as applicable (and each reference therein to "Issuer" shall be deemed to be a reference to "Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent)"); and
- (d) the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) shall realise and liquidate in accordance with Secured Fully Floating Instruments Condition 6.6 the number or fraction of Collateral Assets which it is not possible to deliver to a Holder following rounding by the Secured Instruments Valuation Agent in accordance with sub-paragraph (a) above as notified to the Security Agent and the Disposal Agent in accordance with sub-paragraph (b) above and shall notify the Secured Instruments Valuation Agent of the amount of the proceeds of such realisation and liquidation. The Secured Instruments Valuation Agent shall notify the Fractional Cash Amount in respect of each Holder to the Security Agent and the Disposal Agent and to the Holders in accordance with in respect of Secured Notes, Notes Condition 14 (*Notices*) and, in respect of Secured W&C Instruments, W&C Instruments Condition 12 (*Notices*). The Security Agent (acting in accordance with an Acceleration Instruction) or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) shall pay the relevant Fractional Cash Amount to each Holder.

Delivery of such Entitlement and payment of such Fractional Cash Amount shall fully extinguish the Issuer's obligations in respect of the relevant Secured Instruments notwithstanding that the value of the Entitlement so delivered and Fractional Cash Amount so paid may be less than the market value and/or nominal value of the relevant Secured Instrument.

- 6.8.3 A Holder is only entitled to receive its Entitlement (and any Fractional Cash Amount) and delivery thereof is subject to Secured Fully Floating Instruments Condition 6.9. Any remaining Collateral Assets will be liquidated by the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) and the proceeds thereof distributed to the Secured Parties ranking after Holders of Non-Waived Instruments in accordance with the Order of Priority specified in the applicable Final Terms.
- 6.8.4 Where the Entitlement for a particular Holder is less than the sum of the Early Redemption/Settlement Amounts that would be payable in respect of each Non-Waived Instrument held by such Holder if "Physical Settlement of Collateral Assets" were deemed to be not applicable (such loss amount, the "**Collateral Enforcement Loss Amount**"), such Holder shall not be entitled to any further recourse against the Issuer, the Secured Instruments Collateral Provider or any other party for such Collateral Enforcement Loss Amount.
- 6.8.5 W&C Instruments Condition 5 shall not apply in respect of Secured W&C Instruments.
- 6.8.6 Physical Delivery Notes Condition 3 (*Entitlement Settlement Business Day and Settlement Business Day*), Physical Delivery Notes Condition 5 (*Failure to Deliver due to Illiquidity*) and Physical Delivery Notes Condition 6 (*Option to Vary Settlement*) shall not apply in respect of Secured Notes.
- 6.8.7 To the extent that any Cash in a Collateral Pool is not in the Specified Currency (in respect of Secured Notes) or Settlement Currency (in respect of Secured W&C Instruments), such Cash shall be converted at such rate or rates, in accordance with such method and as at such date as may reasonably be specified by the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent), having regard to then-current rates of exchange. Any rate, method and date so specified shall be binding on the Issuer, the Secured Instruments Collateral Provider and the Holders.
- 6.8.8 For the purposes of these Secured Fully Floating Instruments Conditions, the following definitions will apply:

"**Collateral Delivery Date**" means, in relation to a Series of Secured W&C Instruments where "Physical Delivery of Collateral Assets" is applicable, the date on which the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) intends to deliver the Entitlement to Holders.

"**Fractional Cash Amount**" means, in respect of a Holder, an amount in the Specified Currency (in respect of Secured Notes) or Settlement Currency (in respect of Secured W&C Instruments) determined by the Secured Instruments Valuation Agent as the sum of:

- (a) the *pro rata* share of the proceeds of such realisation and liquidation of such Holder whose Entitlement is subject to rounding (determined by the Secured Instruments Valuation Agent in respect of each Holder, on the basis of the difference between the aggregated Unrounded Collateral Assets Entitlement of such Holder minus the Entitlement of such Holder); plus
- (b) the *pro rata* share of any Cash comprised in the Remaining Collateral Assets of such Holder (determined by the Secured Instruments Valuation Agent in respect of each Holder, on the basis of the aggregated Unrounded Collateral Assets Entitlement of such Holder).

"**Remaining Collateral Assets**" has the meaning given in Secured Fully Floating Instruments Condition 6.8.1.

"**Unrounded Collateral Assets Entitlement**" means, for each Non-Waived Instrument in a Series of Secured Instruments, the lesser of:

- (a) Collateral Assets with a Market Value equal to the Market Value of the Collateral Assets comprising such Non-Waived Instrument's *pro rata* share of the Remaining Collateral Assets, in each case, as determined by the Collateral Agent in respect of the Secured Instrument Valuation

Time for the Collateral Test Date immediately preceding delivery of the Collateral Enforcement Notice; and

- (b) Collateral Assets with a Market Value determined by the Collateral Agent in respect of the Secured Instrument Valuation Time for the Collateral Test Date immediately preceding delivery of the Collateral Enforcement Notice equal to, if the applicable Final Terms specify:
 - (i) "NV Collateralisation" or "Max (NV, MV) Collateralisation" to be applicable, the greater of:
 - (A) the product of (I) the Collateralisation Percentage, multiplied by (II) (1) in respect of Secured Instruments that are Secured Notes, the principal amount of such Non-Waived Instrument or (2) in respect of Secured Instruments that are Secured W&C Instruments, the Notional Amount of such Non-Waived Instrument; and
 - (B) the Early Redemption/Settlement Amount in respect of such Non-Waived Instrument; or
 - (ii) "MV Collateralisation" or "Min (NV, MV) Collateralisation" to be applicable, the Early Redemption/Settlement Amount in respect of such Non-Waived Instrument,

in each case, as determined by the Secured Instruments Valuation Agent.

6.8.9 This Condition 6.8 shall not apply to Secured Instruments which are Rule 144A Instruments.

6.9 Physical Delivery of Collateral Assets Disruption Event

6.9.1 If, in the opinion of the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent), delivery of all or some of the Collateral Assets forming part of the Entitlement using the method of delivery specified in respect of Secured Notes, in Physical Delivery Note Condition 2 (*Delivery of Entitlement and Asset Transfer Notices*) or, in respect of Secured W&C Instruments, W&C Instruments Condition 25(C)(b) or 32(C)(b) (as applicable and as notified to the Disposal Agent by the Security Agent), or such other commercially reasonable manner as the Security Agent, or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent), has determined, is not practicable by reason of a Physical Delivery of Collateral Assets Disruption Event having occurred and continuing on any Collateral Delivery Date, then such Collateral Delivery Date shall be postponed to the first following Collateral Business Day in respect of which there is no such Physical Delivery of Collateral Assets Disruption Event, provided that the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) may elect in its sole discretion and without liability to any party to deliver the Collateral Assets forming part of the Entitlement in such other commercially reasonable manner as it may select and in such event the Collateral Delivery Date shall be such day as the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) deems appropriate in connection with delivery of the Collateral Assets forming part of the Entitlement in such other commercially reasonable manner.

Where a Physical Delivery of Collateral Assets Disruption Event affects some but not all of the Collateral Assets forming part of the Entitlement due to be delivered to a Holder, the Collateral Delivery Date for those Collateral Assets forming part of the Entitlement which are able to be delivered will be the Collateral Delivery Date on which such Collateral Assets are delivered.

6.9.2 If delivery of any Collateral Assets forming part of the Entitlement is not possible due to the occurrence of a Physical Delivery of Collateral Assets Disruption Event for a period of greater than 20 Collateral Business Days, then in lieu of physical settlement and notwithstanding any other provision hereof, the Security Agent (acting in accordance with an Acceleration Instruction) or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) shall sell or realise the Undeliverable Collateral Assets in the manner set out in Secured Fully Floating Instruments Condition 6.6 and deliver the proceeds thereof to Holders.

6.9.3 If the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent) is unable to either sell the Collateral Assets on any securities exchange or quotation service on which the Collateral Assets may be listed or quoted or obtain the three quotations required for the sale of the Collateral Assets, in each case pursuant to Secured Fully Floating Instruments Condition 6.6, the Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent)

shall be entitled, without the Security Agent or the Disposal Agent incurring any liability to any party, to accept the first available price for such Collateral Assets.

The Security Agent or the Disposal Agent (acting on behalf of and at the instruction of the Security Agent), shall give notice as soon as practicable to the relevant Instrument Agent and the relevant Instrument Agent will give notice as soon as practicable to Holders in accordance with, in respect of Secured Notes, Notes Condition 14 (*Notices*) and, in respect of Secured W&C Instruments, W&C Instruments Condition 12 (*Notices*) that a Physical Delivery of Collateral Assets Disruption Event has occurred. No Holder shall be entitled to any payment in respect of the relevant Non-Waived Instruments in the event of any delay in the delivery of the Collateral Assets forming part of the Entitlement due to the occurrence of a Physical Delivery of Collateral Assets Disruption Event and no liability in respect thereof shall attach to the Issuer, the Secured Instruments Collateral Provider, the Security Agent or the Disposal Agent.

6.9.4 This Condition 6.9 shall not apply to Secured Instruments which are Rule 144A Instruments.

6.10 **Replacement Secured Instruments Valuation Agent**

If, following the delivery of a Collateral Enforcement Notice, the Secured Instruments Valuation Agent fails to make the applicable calculations and determinations specified in this Secured Fully Floating Instruments Condition 6, or fails to notify the Security Agent or the Disposal Agent of the results of such calculations and determinations, within a reasonable time and in any event within 20 Collateral Business Days of receipt of a written request from the Security Agent and/or Disposal Agent (acting on behalf of and at the instruction of the Security Agent) that it make such calculations and determinations, then the Security Agent shall as soon as reasonably practicable appoint a replacement Secured Instruments Valuation Agent (a "**Replacement Secured Instruments Valuation Agent**") in accordance with Secured Fully Floating Instruments Condition 3.7.

7. **Limited Recourse and Non-Petition**

By acquiring and holding Secured Instruments, Holders will be deemed to acknowledge and agree that the obligations of the Issuer to the Holders are limited in recourse to the Collateral Assets contained in the relevant Collateral Pool securing such Series of Secured Instruments. If:

- (a) there are no relevant Collateral Assets in the relevant Collateral Pool remaining which are capable of being realised or otherwise converted into cash;
- (b) all amounts available from the relevant Collateral Assets in the relevant Collateral Pool have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the relevant Security Agreements, the Security Agency Agreement and these Secured Fully Floating Instruments Conditions; and
- (c) there are insufficient amounts available from the relevant Collateral Assets in the relevant Collateral Pool to pay in full, in accordance with the provisions of the relevant Security Agreements, the Security Agency Agreement and these Secured Fully Floating Instruments Conditions, amounts outstanding under the Secured Instruments (including payments of principal, premium (if any) and interest),

then the Holders of such Secured Instruments shall have no further claim against the Issuer or the Secured Instruments Collateral Provider in respect of any amounts owing to them which remain unpaid (including, for the avoidance of doubt, payments of principal, premium (if any) and/or interest in respect of the Secured Instruments). In particular, no Holder shall be entitled to have recourse to the Collateral Assets contained in a Collateral Pool other than the Collateral Pool which secures the Secured Instruments held by such Holder. The Secured Instruments are not guaranteed by the Guarantor or any other entity and therefore Holders will have no claim against the Guarantor or any other entity in respect of any such amounts owing to them which remain unpaid.

8. **Collateral Disruption Events**

Upon the occurrence, as determined by the Secured Instruments Valuation Agent, of a Collateral Disruption Event, the Issuer may at its option and in good faith and in a commercially reasonable manner give notice to the Holders in accordance with, in respect of Secured Notes, Notes Condition 14 (*Notices*)

and, in respect of Secured W&C Instruments, W&C Instruments Condition 12 (*Notices*) and cancel all, but not less than all, of the Secured Instruments of the relevant Series at the Early Redemption/Settlement Amount on the date specified by the Issuer in the notice to Holders, provided that such date shall be no later than two Business Days following the date of such notice.

9. MTM Trigger Event

9.1 Consequences of a MTM Trigger Event

If "MTM Trigger Event" is specified to be applicable in the applicable Final Terms and a MTM Trigger Event occurs or is continuing in respect of a Series of Secured Instruments, as determined by the Secured Instruments Valuation Agent, the Issuer shall:

- (a) in respect of Secured Notes, redeem all but not some only of the Secured Notes of such Series by giving notice to the Holders in accordance with Notes Condition 14 (*Notices*); or
- (b) in respect of Secured W&C Instruments, cancel all but not some only of the Secured W&C Instruments of such Series by giving notice to Holders in accordance with W&C Instruments Condition 12 (*Notices*).

If the Issuer cancels the Secured Instruments due to the occurrence of a MTM Trigger Event, then the Issuer shall pay an amount in the Specified Currency (in respect of Secured Notes) or Settlement Currency (in respect of Secured W&C Instruments) equal to the Early Redemption/Settlement Amount to each Holder in respect of each Non-Waived Instrument held by such Holder.

Payment will be made in such manner and on such date as shall be notified by the Issuer to the Holders in accordance with, in respect of Secured Notes, Notes Condition 14 (*Notices*) and, in respect of Secured W&C Instruments W&C Instruments Condition 12 (*Notices*), provided that such date shall be no later than two Business Days following the date of such notice.

9.2 Additional Definitions

For the purposes of this Secured Fully Floating Instruments Condition 9, the following definitions will apply:

"**MTM Trigger Event**" means, in respect of a Series of Secured Instruments, that (and a MTM Trigger Event shall have occurred if) the Secured Instrument Intra-day Market Value at any time during Specified Business Hours on any MTM Trigger Observation Day falling in the MTM Trigger Observation Period is (a) if "less than the MTM Trigger Level" is specified in the applicable Final Terms, less than the MTM Trigger Level or (b) if "less than or equal to the MTM Trigger Level" is specified in the applicable Final Terms, less than or equal to the MTM Trigger Level, as determined by the Secured Instruments Valuation Agent.

"**MTM Trigger Level**" means the amount specified as such in the applicable Final Terms.

"**MTM Trigger Observation Day**" means each day falling in the MTM Trigger Observation Period on which levels, prices or values of each of the underlying asset(s) of the Secured W&C Instruments are announced, published or determined by the relevant exchange(s), quotation system(s), trading facility(ies), price source(s), sponsor(s) or service provider(s) (as applicable) in respect of such underlying asset(s) or any other relevant reference source(s) for the valuation of such underlying asset(s), as determined by the Secured Instruments Valuation Agent or any other day specified as such in the applicable Final Terms or otherwise determined as provided in the applicable Final Terms.

"**MTM Trigger Observation Period**" means the period specified as such in the applicable Final Terms or otherwise determined as provided in the applicable Final Terms.

"**Secured Instrument Intra-day Market Value**" means, in respect of a Series of Secured Instruments and any relevant time on any relevant day, the amount determined by the Secured Instruments Valuation Agent as the market value applicable to each Non-Waived Instrument of such Series of Secured Instruments as of such time on such day, which shall be calculated by reference to such factors as the Secured Instruments Valuation Agent considers to be appropriate including, without limitation:

- (a) market prices or values for any underlying asset(s) to which the Secured Instruments are linked and other relevant economic variables (such as interest rates and, if applicable, exchange rates) at the relevant time;
- (b) the remaining term of the Secured Instruments until, in respect of Secured Notes, their scheduled maturity date and final redemption, or, in respect of Secured W&C Instruments, their scheduled exercise and final settlement;
- (c) internal pricing models; and
- (d) prices at which other market participants might bid for securities similar to the Secured Instruments.

"Specified Business Hours" means, in respect of any day, the time period from, and including, 5.00 a.m., Sydney time, on that day, to and including, 5.00 p.m., New York City time, on that day, or such other time period(s) specified in the applicable Final Terms or otherwise determined as provided in the applicable Final Terms.

10. Release of Security

The security constituted by the relevant Security Agreements will be released in relation to Collateral Assets that are withdrawn from the Collateral Account (or, in the case of Korean Pledged Securities, when the pledge in respect of such Collateral Assets in the Korean Securities Account is removed from the register) in accordance with Secured Fully Floating Instruments Condition 4.4 or Secured Fully Floating Instruments Condition 4.5 and in accordance with the provisions of the relevant Security Agreements.